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at sea



SECTION II

World Business Newspaper

WEEKEND NOVEMBER 25/NOVEMBER 26 1995

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Ukraine may not keep promise to close Chernobyl

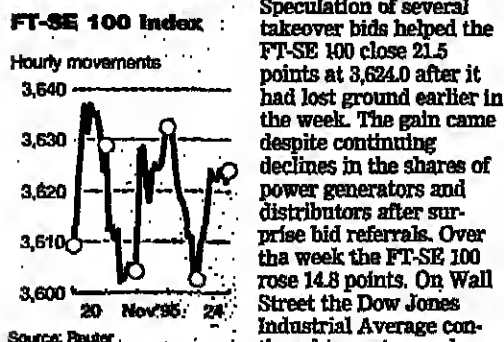
Ukrainian President Leonid Kuchma warned his country would renege on its promise to close the stricken Chernobyl nuclear plant by 2000 unless western countries provide sufficient financial aid. He also called on the west to back Ukraine's economic and political independence to ward off the threat posed by the resurgence of Russian nationalism. Page 24

Serbs loot UN base: Bosnian troops looted a UN base as Nato stood by to deploy the advance guard of an international force to police the Bosnia peace deal. A UN spokesman said Bosnian soldiers fired machine-guns over the heads of Bangladeshi peacekeepers guarding the base in the Bihac enclave in north-west Bosnia. Karadzic holds Sarajevo talks. Page 2

Fuji Bank, the world's third-largest commercial bank, expects to report a pre-tax loss of ¥440bn (\$4.4bn) for the year to next March, its first loss and the largest ever by a Japanese lender. Page 24; Quality gap widens. Page 8

Leeson remanded on Barings charges: Former Barings futures trader Nick Leeson was remanded in custody until Friday after appearing in a Singapore court to hear 11 charges relating to the collapse of the UK merchant bank. Page 2

Takeover speculation lifts London shares:



high after breaking through the 5,000-point level on Wednesday. Page 21; Editorial Comment, Page 10; Lex, Page 24; World stocks, Page 18

Kazakhstan pushes for oil pipeline: Kazakhstan is stepping up attempts to break the deadlock over a pipeline project which is preventing the Central Asian state from exploiting its massive oil and gas reserves. Page 4

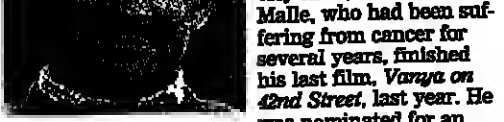
Sainsbury may take over Giant: Britain's biggest food retailer J Sainsbury could be poised to take over US supermarket chain Giant Food, in which it holds a minority stake, following the death of the US company's chairman and chief executive Israel Cohen. Page 7

S Africa moves to cover bank losses: The South African government will use pension funds lodged at the troubled African Bank to cover losses at the bank of more than R200m (\$56.6m). Page 4

India seeks more for telephone licences: India is reopening bidding on half the 20 regional telephone services licences it is offering because offers were too low. Page 3

Virgin expands financial services: The UK-based Virgin Group plans to extend its financial services telephone sales and enter a joint venture with Australia's largest life insurer. Page 6; Lex, Page 24

French film director Louis Malle dies: French film director Louis Malle (left) has died aged 63. Malle, the husband of American actress Candice Bergen, died at his home in Beverly Hills, California. Malle, who had been suffering from cancer for several years, finished his last film, *Voyage au bout du monde*, last year. He was nominated for an Oscar for best original screenplay in 1973, for *Murmur of the Heart* (*Souffle au cœur*), and for best director in 1981 for *Atlantic City*.



Oscar for best original screenplay in 1973, for *Murmur of the Heart* (*Souffle au cœur*), and for best director in 1981 for *Atlantic City*.

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Roh case may involve 24 business chiefs

By John Burton in Seoul

At least 24 leaders of South Korea's biggest conglomerates may be indicted for allegedly giving bribes to former President Roh Tae-woo, prosecutors said yesterday.

The number of executives that could be prosecuted is far higher than expected by most observers, who believed that an indictment of almost the entire Korean business elite might harm the nation's economic performance.

The announcement came a week after Mr Roh was arrested

for allegedly accepting Won230bn (\$311m) in bribes from leading conglomerates, or chaebol, in return for government contracts and other state favours in his 1988-93 term.

The government said yesterday it was also preparing special legislation to prosecute Mr Roh and Mr Chun Doo-hwan, his predecessor as president, for their alleged roles as army commanders in the 1980 military massacre of at least 200 pro-democracy protesters in the city of Kwangju.

President Kim Young-sam, the first civilian leader in three

decades, had previously hesitated to indict Mr Roh and Mr Chun over the Kwangju massacre because political allies of the two former presidents form the majority faction of the ruling party.

The moves against the chaebol and the former military-backed presidents are seen as an attempt by Mr Kim to regain popular support and distance himself from the bribery scandal that threatens his political future.

Mr Kim is accused by opposition parties of accepting large amounts of money from Mr Roh, a former political ally, for his

1992 election campaign. Chaebol that face possible bribery charges include the "big four" - Hyundai, Samsung, Daewoo and LG - which allegedly gave among the largest payments to Mr Roh.

The other chaebol named by prosecutors are a roll call of Korean industry, including Dongah, Lotte, Hanjin, Hwa, Saangyong, Hyosung, Daelin, Kumho, Hanil, Daewoo, Dongbu, Kia, Dongkuk Steel, Sambo, Kahap, Miwon, Hanbo, Doosan, Dongyang, and Poongsan.

A final decision on which chaebol to prosecute will be made

early next month when formal charges are expected to be filed against Mr Roh. It is uncertain whether any of the chaebol leaders will be imprisoned if indicted.

The prosecution of the chaebol coincides with expected new measures, such as strict anti-monopoly and tax enforcement, to curb their expansion and cut dominant family ownership.

Prosecutors are also investigating state-run companies such as Pohang Iron and Steel, and financial institutions, to determine whether they gave money to Mr Roh.

BT move to split chairman's dual role is hailed

By Alan Cane in London

British Telecommunications has begun what it describes as a "second chapter" in its history as a private company by bringing in a new chief executive from ICL, the computer company.

Mr Peter Bonfield, who takes up the new post, will work closely with Sir Ian Vallance, who remains chairman while shedding the role of chief executive. This will be the first time since Sir Ian's appointment in 1987, that the company has split the two roles.

Mr Bonfield, who has had a highly successful career in the computer industry, faces the challenge of improving BT's ability to take advantage of new technologies. Many in the City, which applauded the announcement, hope that he may also be able to repair BT's relationship with the industry's regulator.

Mr Michael Hopper, 51, group managing director, is leaving the company at his own request and is likely to take up an appointment in the financial services industry.

Mr Bonfield, also 51, is the chairman and chief executive of ICL, which is owned by Fujitsu of Japan. He is widely regarded as the architect of ICL's recovery from near disaster in the early 1980s and has the reputation of being one of the UK's best managers.

He will remain on the board of ICL as non-executive chairman until a full-time appointment is made, when he will take the role of deputy chairman. His move was made with the approval of Fujitsu, Japan's largest computer manufacturer.

Mr Bonfield's appointment was greeted enthusiastically by investors and by the City of London.

Continued on Page 24
Telecoms giant rings the changes, Page 11
Continuity as ICL names chief, Page 7
Lex, Page 24

Juppé stands firm as national protest on 'Black Friday' brings travel chaos

Challenge by strikers to French PM's welfare plans

By John Ridding in Paris

Striking public sector workers took to the streets of French cities yesterday in a challenge to Mr Alain Juppé, prime minister, and his plans to reform the country's stricken welfare system.

Faced with national protests which halted most air and rail travel, caused chaos for commuters and international traffic, and closed schools and other public services, the conservative government insisted it would stand firm on the key welfare issue.

"There is no alternative," said Mr Jacques Barrot, the social affairs minister, referring to plans to eliminate the country's FF60bn (\$12.3bn) annual welfare deficit by 1997.

However, Mr Barrot urged a dialogue with the trade unions to resolve the stand-off. His appeal appeared to be an attempt to

defuse the protests which are set to continue next week with a joint call for a general strike on Tuesday by the communist-led CGT and Force Ouvrière, another of France's main unions.

Mr Juppé, who delayed a trip to Bordeaux yesterday to hold talks with President Jacques Chirac, has said he will cut France's budget deficit by enough for the country to qualify for European monetary union from 1999.

The Gaullist premier has indicated that only mass street protests could push him to revise his proposals, which include a new tax to pay off the welfare system's accumulated debts of FF250bn and measures to eliminate welfare and pensions.

Continued on Page 24
Strikes halt French public services, Page 2; The politics of public protest, Page 10



On the march: thousands of striking public sector workers protest in Bordeaux

Picture: Reuters

Murdoch heads satellite TV bid to broadcast Italian soccer

By Andrew Hill in Milan and Raymond Snoddy in London

Mr Rupert Murdoch, the Australian-born television magnate, is interested in buying part of the broadcasting rights for Italian soccer, in what could be the first ever rights auction by the country's football league.

Mr Sam Chisholm, chief executive of BSkyB, the British satellite broadcaster, has written to the league on Mr Murdoch's behalf to say BSkyB and News Corporation, Mr Murdoch's holding company, are interested in taking part in such an auction.

BSkyB, whose commercial success has been driven by its ownership of exclusive rights to live coverage of the British Premier-

ship, believes that rights to Italian football could be the driving force behind pay television in Italy - a market that is poorly developed in the country so far.

BSkyB is looking at the possibility of using Italian football rights as the core of a number of channels that could be offered directly to Italian viewers.

The company already has the satellite capacity to launch its own Italian service, although joint ventures with Italian partners have not been ruled out.

The existing rights to transmit Italian soccer matches in Italy belong to RAI, the Italian state broadcaster, and Telepiù, the pay-television group, under a three-year contract, which expires in June next year.

The contract also gives them the right to sell on matches for

broadcast outside Italy. Rai and Telepiù have already tabled an offer for the new contract of £222bn a year.

Other groups interested in bidding for all or part of the broadcasting rights include Mr Silvio Berlusconi's Fininvest Group, the rival Telemontecarlo-Videomusic broadcaster of Mr Vittorio Cecchi Gori, and a federation of regional Italian television stations.

The league's executive committee met yesterday and decided the contract could be broken down into 12 parts, which could be sold separately or together. A proposal has to be completed by December 15 and should be put to an assembly of league members in mid-February. It is not yet clear when an auction would take place.

STOCK MARKET INDICES			
FT-SE 100: 3,640.0 (+21.5)	Yield: 5.55	FT-SE Eurotrack 100: 1,450.57 (+0.50)	FT-SE-A All-Share: 1,772.82 (+0.54)
Nikkei: 18,216.23 (-24.51)	New York: Dow Jones Ind Ave: 5,045.84 (+7.23)	S & P Composite: 288.97 (-1.57)	
US CLOSING RATES			
9-m Treasury Bill: 5.57%	10-m Treasury Note: 5.57%	30-m Treasury Bond: 5.57%	Yield: 5.57%
Gold: 384.44	Oil: 16.75	Silver: 1.78	Platinum: 1.78
NORTH SEA OIL (Argus)			
Brent 15-day (Jan): \$16.75	(16.745)		
GOLD			
New York Comex Dec: \$382.1	(382.1)		
London: \$382.5	(382.5)		
DOLLAR			
New York Lintime: 1.58			
DM: 1.4185			
FF: 4.57975			
Sfr: 1.144			
Y: 101.5			
STERLING			
New York Lintime: 2.2105	(2.2105)		
DM: 7.8045	(7.8045)		
Sfr: 1.7812	(1.7808)		
Y: 101.245	(101.245)		
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NEWS: EUROPE

Magistrates to question ex-premier over Fininvest cash and Socialists

Berlusconi denies \$6m link to Craxi

By Robert Graham in Rome

Mr Silvio Berlusconi, the former Italian prime minister, was yesterday summoned for questioning by Milan magistrates over allegations his Fininvest business empire illicitly channelled 1.5bn (\$618m) to Mr Bettino Craxi, leader of the now defunct Socialist party.

Mr Berlusconi told journalists he had been cited for November 30 by the anti-corruption magistrates, who he accused of conducting a political vendetta against him as leader of Italy's rightwing alliance. Earlier he had denied the payments - revealed by magistrates on Thursday - were made to Mr Craxi or the Socialist party.

This is the first time magistrates have directly linked Fininvest with illicit funding of Mr Craxi and his Socialist party.

Commentators pointed out that Mr Berlusconi and Mr Craxi had never concealed their long-standing close personal relationship. But they said it would be profoundly damaging to Mr Berlusconi's short political career if the Fin-

invest group was proved to have secretly funded the Socialists in general and Mr Craxi in particular in return for business favours.

Mr Craxi is widely regarded to have helped with 1990 legislation permitting Fininvest to possess three television channels.

The media magnate successfully entered politics in 1984, presenting himself as a break from the postwar political establishment who had been discredited by corruption scandals.

The most discredited of these politicians remains Mr Craxi. The former Socialist leader, who is in Tunisia, this week acquired his third international arrest warrant, issued this time in connection with the Fininvest case.

For more than a year Milan magistrates have been trying to identify those behind a total of 1.5bn transferred in 1991 to nominee accounts held for Mr Craxi. On Thursday magistrates issued an arrest warrant for Mr Giorgio Vanone, head of financial affairs for Fininvest's foreign subsidiaries. He was charged with being responsible



Craxi: in Tunisia

Berlusconi: vendetta claim

for the transfer of 1.5bn, via offshore companies linked to Fininvest, to Luxembourg and Swiss accounts controlled by two Craxi intermediaries. Of this total 1.5bn was subsequently returned.

Yesterday Mr Berlusconi denied making any payments to Mr Craxi. He insisted the transactions identified by

Milan magistrates as being handled by Fininvest's offshore subsidiaries had served to pay for film rights deals as a normal part of the group's media business. He said the deals "could only be faulted for having used the same lawyers, the same bank and the same financial channels as the Socialist party".

Mr Berlusconi's questioning comes a year after he was first placed under investigation for corruption. This related to allegations he was involved in pay-offs to the Guardia di Finanza, the financial police, to ensure favourable inspections of Fininvest company balance sheets. He is due to stand trial on these charges in January.

Consumers' spending strike deepens gloom over French economy

By John Riddling in Paris

Parisian shopkeepers used to put up their shutters as demonstrations moved down the street. Yesterday, some were more concerned to lure through their doors those taking the day off to protest against welfare reforms. One clothes store bore the sign: "Take advantage of the strike. Big discounts."

For Mme Ivins, who runs an electrical store in the east of the city, the explanation is simple: "We are desperate for customers. Business is very slow." A boutique owner in the centre of the city concurs: "People still come. But they just don't spend."

Consumer gloom is emerging as a serious problem in France, as serious, in its way, as the strikes and demonstrations which brought public services to a halt. "It is a very significant concern," says Mr Jean-François Mercier, economist at Salomon Bros. "It is a real threat to growth."

Such fears were confirmed by yesterday's announcement that household consumption fell by a surprisingly sharp 4.4 per cent between September and October, accelerating a downward trend. Earlier a survey by the national statistics institute found consumer confidence was at its lowest point

since the recession days of early 1993.

There are several reasons behind the evaporation of France's feelgood factor. The welfare reforms which brought the crowds on to the street involve a tax increase for most citizens and the prospect of reduced social security benefits. Mr Alain Juppé, the prime minister, has pledged to eliminate the annual FF760bn (£7.76bn) welfare deficit by 1997 and the consumer will pick up a large part of the bill.

If a rising welfare burden has dampened consumer ardour, so has a surprise rebound in unemployment. After a steady fall over the past year, the number of jobless rose in August and September. "That added to a feeling that unemployment remains a real threat," says Mr Mercier. "Many people are still convinced that France remains in a crisis."

The problem is that such an attitude makes a crisis more likely. Weak consumption has prompted downward revisions in growth forecasts. Mr Jean Arthuis, the finance minister, plays lip service to official predictions that GDP will rise by 2.8 per cent next year but private sector economists have long since lowered their sights to nearer 2 per cent. Slower growth means lower tax

receipts and an uphill task to meet budgetary targets. The fiscal rigour designed to curb France's deficits and meet the Maastricht criteria for monetary union could therefore prove self-defeating.

Mr Arthuis does not see it like that. He says the government's tough line on deficit reduction will strengthen investor confidence, clearing the way for a sustained fall in interest rates and a shift in income from high yielding savings instruments. "We must remove easy rent," he says, predicting a virtuous circle of lower borrowing costs, stronger growth and higher tax receipts.

That is the ideal scenario. If the bottom of consumer confidence has now been reached - and some economists believe - and if the government can push through its reforms, then Mr Arthuis' circle may start to spin. But these are big ifs. Yesterday's demonstrations heralded a period of turbulence and uncertainty. Even if the result is a clean-up of the public sector accounts and stronger growth, the process will take time. The new tax, meanwhile, and some of the welfare cuts are due in January. "I am not an economist," says Mme Ivins. "But when people have less money in their pockets then they have less to spend."

Kohl rounds on Lafontaine for links with ex-communists

By Peter Norman in Bonn

Mr Helmut Kohl, the German chancellor, yesterday launched a savage attack on Mr Oskar Lafontaine, the recently elected leader of the opposition Social Democratic party, and his policy of rapprochement towards the former communist Party of Democratic Socialism.

In one of his rare press conferences in Bonn, the chancellor said Mr Lafontaine was seeking power "at all costs" and accused the east German-based PDS of being a non-democratic party that was still wedded to Stalinism.

Mr Kohl's aggressive performance was an early sign that the government has decided to treat the left-leaning Mr Lafontaine as a serious opponent and that politics in Bonn will be livelier than in the months since Mr Kohl's general election victory in October 1994.

"It is going to be a tense altercation and I am looking forward to it with great pleasure because it will create clear battle lines," Mr Kohl said.

He said the ruling Christian Democrat and Christian Social parties would not allow Germany's political axis to shift to the left. The government parties would make clear that voters knew what was happening in the SPD ahead of elections on

March 24 for state governments in Rhineland Palatinate, Baden Württemberg and Schleswig Holstein.

Alluding to a planned meeting between Mr Lafontaine and Mr Gregor Gysi, the PDS leader, Mr Kohl said co-operation between the SPD and PDS would be a "resounding thump on the ear" for all those who had struggled against communism in east Germany. The PDS was an extreme-left "anti-western and deeply anti-American party".

Mr Kohl also criticised the SPD for the way it had dismissed its former leader, Mr Rudolf Scharping, at last week's party congress in Mannheim. This event, unprecedented among the big German political parties, showed a "degree of shabbiness" that he had not believed possible.

In recent weeks Mr Kohl has behaved increasingly as if he was above the party fray. In spite of a cold, he re-emerged yesterday as a political street fighter.

However, the chancellor did not ignore the political necessities of life in a country where state governments controlled by the SPD have a majority in the Bundesrat, the second chamber in parliament. Mr Kohl said he would meet Mr Lafontaine soon to discuss matters of mutual interest.

Emu 'will trigger wave of banking mergers'

By Lionel Barber in Brussels

Monetary union in Europe will trigger a wave of cross-border bank mergers similar to what is happening in the US, Mr Hilmar Kopfer, chairman of Deutsche Bank, said yesterday.

In a glowing assessment of the business opportunities offered by a single currency, Mr Kopfer said Emu would force European banks to compete more efficiently on an

international scale and would increase competition among Europe's financial centres.

"Only the big boys will survive in the global banking markets," he told an audience of bankers, diplomats and industrialists in Brussels convened by the European League for Economic Co-operation.

Mr Kopfer's remarks suggest that Deutsche Bank may be looking for acquisitions in post-Emu Europe - or at least

a relaxation of rules which inhibit transnational bank mergers.

Deutsche Bank has been one of the early champions of a single currency whose launch is planned for 1999. Mr Kopfer said yesterday that his bank would incur switchover costs of around DM100m (245.50m) as well as a loss in foreign business and associated currency exchanges.

The strategic prize, however,

would be an acceleration of the forces of globalisation in Europe's banking industry and new opportunities in the wholesale sector such as securities, derivatives, corporate finance and asset management, particularly among wealthy individuals looking across national borders.

"International private banking is one of the areas that looks set to expand strongly in the coming years. The intro-

duction of the single currency may trigger an almost revolutionary turnaround in private banking," he said.

After his speech, Mr Kopfer revealed he made a private bet that Britain would join Emu before the end of 2002. The decision would be made under the "inspired leadership" of a prime minister, Tony Blair, now leader of the opposition British Labour party, he suggested.

He said the City of London would increasingly come round to the view it needed to be part of a single currency area, despite political reservations in Britain about Emu.

Mr Kopfer, appealed for more understanding of the debate in Germany about giving up the D-Mark for the single currency. "A European currency which does not offer the same stability as the D-Mark is not a viable alternative."

In the shadow of the Russian bear

With nationalism resurgent in his powerful neighbour, Ukraine's President Kuchma talks to Chrystia Freeland and Matthew Kaminski about the threats to his nation

Lenin once warned his Bolshevik comrades that "to lose Ukraine is to lose our head" and proceeded to use the republic as the most important building block of the nascent Soviet Union. Nearly 80 years later, a new generation of Russian politicians is confidently promising to rebuild the Soviet Union, and Ukraine has again become central to Moscow's reawakened imperial dream.

For Ukraine's President Leonid Kuchma, the resurgence of Russian nationalism is one of the greatest threats facing his nation and Europe as a whole. But Mr Kuchma has a message for the western leaders who share his concerns about the rise of Russian nationalism: supporting Ukraine, he says, is the best insurance against the re-emergence of an irredentist Russia, bent on conquering its neighbours.

"Without Ukraine, there can be no Greater Russia," Mr

Kuchma says. "I think that from all points of view an independent, economically strong Ukraine in the centre of Europe is the best anchor of stability for the European continent."

Yet Mr Kuchma also warns that support for Ukraine must be material not just rhetorical. The industrial east (of Ukraine) and the most threatening manifestation of this attitude is the campaign pledge of the Communist party, Russia's most popular political group, to annul the 1991 treaty which was the legal basis for the dissolution of the Soviet Union.

The justification which Mr Gennady Zyuganov, the Communist leader, offers for this proposal is revealing: Ukraine and Russia are part of an indivisible ethnic whole. Mr Zyuganov says, offering as evidence the fact that his wife is a Ukrainian from the eastern city of Kharkiv. The kinship which Russians feel towards Ukraine - and which many Ukrainians, especially those in the eastern regions and Crimea, feel towards Russia - means that Mr Kuchma must find a delicate balance between partnership with Russia and partnership with the west.

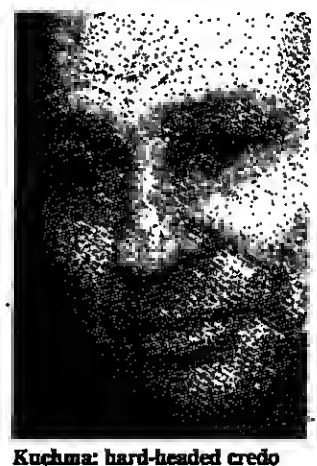
Unlike the Kremlin, which has been vociferous in its expansion to the eastward expansion of NATO, Mr Kuchma supports the admission of his eastern European neighbours

to the western military alliance. But he also realises it would be unrealistic for Ukraine, to apply join the western club at the moment.

"I am a pragmatist. I know that NATO is not waiting for Ukraine with breathless anticipation and that if I said tomorrow 'I want to join NATO' no one in the west would cheer."

But Mr Kuchma also has no intention of joining the new military bloc Russia is trying to create. When his Russian counterparts urge Ukraine to become a member, Mr Kuchma says that he counters their request with a question: "When they ask me to join, I tell my Russian partners that they should ask themselves, why it is that everyone wants to join NATO and no one wants to join the Tashkent alliance (the fledgling Russian-led military bloc)."

Mr Kuchma's attitude to



Kuchma: hard-headed credo

natural gas exporter, reflects a similar ambivalence. On one hand, Mr Kuchma, who has a warm personal relationship with Gazprom bosses, has worked hard to improve Ukraine's relationship with Russia's biggest company. He converted Ukraine's \$2.5bn debt to Gazprom into state bonds and this year, Ukraine, with the assistance of the International Monetary Fund, has been more or less paying its bills on time.

But, despite his efforts to establish a working relationship with Gazprom, Mr Kuchma is sceptical about the company's fundamental motives. "What Gazprom wants is to own everything in Ukraine - especially they want the gas pipeline, our gas storage facilities, and many of our strategic factories," Mr Kuchma says. "We must not give them the opportunity to acquire these things."

The tricky task of building a working relationship with a company and a country whose underlying aim is domination, has led Mr Kuchma to develop a hard-headed credo: "We have to co-operate with the Russians, but that doesn't mean we have to trust them."

This is an ambivalent policy, but one which Mr Kuchma is well placed to conduct. As Ukrainian president he is positioning himself as Europe's first line of defence against a neo-imperialist Russia. But, as the former director of the USSR's largest missile-building factory, Mr Kuchma was once in the front line of the Soviet Union's cold war.

Karadzic holds Sarajevo talks

By Paul Wood in Belgrade

The Bosnian Serb leader, Mr Radovan Karadzic, last night held a crisis meeting with political and military chiefs from Serb-held parts of Sarajevo which are due to be handed over to the Muslim-led government under the Dayton peace agreement.

Mr Karadzic refused to make any comment when he arrived at the meeting, but he is expected to face an angry reception following reports from the Belgrade news agency, Tanjug, that he had given his backing to the peace deal.

Bosnian Serbs say that more than 100,000 Serbs live in Sarajevo and some observers believe the hand-over will unleash a fresh wave of refugees.

Germany will contribute to the reconstruction of Serbia and the Serb part of Bosnia once a formal peace has been agreed, Mr Helmut Kohl, the German chancellor, said yesterday, writes Peter Norman in Bonn. Although Germany and German public opinion have been strongly opposed to Serb actions in Bosnia, Mr Kohl said he wanted peace in the region and was "absolutely opposed to keeping old animosities alive".

Mr Kohl said Germany was prepared to pay about 30 per cent of the EU share of the burden in line with its current contributions to the EU. He expected the Bundestag to decide before Christmas on the despatch of German peacekeepers.

The Bosnian president, Alija Izetbegovic, has moved quickly to try to reassure the Serbs, telling Sarajevo Radio on Wednesday that the government would issue a proclamation to allow them to stay in their homes.

Mr Karadzic has made no public pronouncements on the Dayton agreement. The Tanjug agency said he had reluctantly agreed to implement it after being summoned to a secret meeting with President Milosevic in Belgrade on Thursday.

The Belgrade media reported that he had been offered a deal by President Milosevic under which he agreed to go into retirement in return for not facing extradition to the UN court at the Hague to face war crimes charges.

Similar speculation surrounds the Bosnian Serb military commander, Gen Ratko Mladic, also facing indictments for war crimes. He is said to have been offered a new post in the Yugoslav army by President Milosevic.

The Serbian leader has been trying to force through the peace deal to ensure that international economic sanctions against federal Yugoslavia will be permanently lifted.

Facing opposition from Pale and Serb-held parts of Sarajevo, he has formed alliances with politicians in the north-east town of Banja Luka, which has been left in a strong position to become capital of a future Bosnian Serb state as a result of territorial swaps agreed in Dayton.

Price list (pence) for the week ending 24/11/95			
In England and Wales		In Scotland	
Product	Price	Product	Price
100g	1.00	100g	1.00
200g	1.90	200g	1.90
500g	4.50	500g	4.50
1kg	8.50	1kg	8.50
2kg	16.50	2kg	16.50
5kg	40.50	5kg	40.50
10kg	79.50	10kg	79.50
20kg	158.50	20kg	158.50
50kg	396.50	50kg	396.50
100kg	791.50	100kg	791.50
200kg	1581.50	200kg	1581.50
500kg	3961.50	500kg	3961.50
1000kg	7911.50	1000kg	7911.50
2000kg	15811.50	2000kg	15811.50
5000kg	39611.50	5000kg	39611.50
10000kg	79111.50	10000kg	79111.50
20000kg	158111.50	20000kg	158111.50
50000kg	396111.50	50000kg	396111.50
100000kg	791111.50	100000kg	791111.50
200000kg	1581111.50	200000kg	1581111.50
500000kg	3961111.50	500000kg	3961111.50
1000000kg	7911111.50	1000000kg	7911111.50

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Japan to boycott cartel

Japan urged to bolster cartel rules

By Michio Nakamoto in Tokyo

The Japanese government has come under pressure from its main trading partners to strengthen its anti-monopoly regulations, widely criticised as inadequate in ensuring fair competition in Japan's markets.

The US has submitted to Japan a list of deregulatory measures in which it calls on the Japanese government to bolster competition policy in order to guarantee "anti-competitive private practices are not used to stifle the positive effects of deregulation."

The US request that Japan adopt stricter anti-competition rules follows a similar call by the European Commission during a bilateral meeting on deregulation and competition policy in Japan this week.

Mr Karel Van Miert, European commissioner in charge of competition, said stricter enforcement of the anti-monopoly law and a strengthening of the powers and independence of the Japan Fair Trade Commission were crucial for a more effective competition policy in Japan. Mr Van Miert also emphasised the importance of abolishing the remaining exemptions to the anti-monopoly law.

In its proposals to the Japanese government the US is calling for a rise in staff numbers at the Japan Fair Trade Commission of at least 200 by the end of fiscal 1998. The FTC itself is requesting 18 more personnel next year. It currently has 520, about a third of the size of the US anti-competition force.

The US is also asking for the establishment of an office to investigate *dango*, the practice of manipulating bids for public works contracts, and of a *dango* hotline in the National Police Agency. In addition, it calls for a rise in the number of cases in which the JFTC files criminal accusations, stricter anti-monopoly enforcement against trade associa-

tions and more fines against offenders.

Exemptions to the anti-monopoly law should be reviewed by the end of next year with the aim of abolishing all exemptions by the end of 1998, the US states.

Under Japanese competition rules, 48 types of cartels are exempted from the anti-monopoly law. These include cartels of small and medium-sized companies believed to be threatened by excessive competition and cartels in industries severely affected by recession.

The JFTC is aware of the need to abolish these exemptions and has expressed its intention to achieve that goal by the end of fiscal 1998.

Japan's competition policy has long been a source of friction with its trading partners, which point out that lax enforcement of the anti-monopoly law creates an unfair advantage for Japanese companies and obstructs foreign access to the Japanese market.

Japan agreed during the Structural Impediments Initiative negotiations with the US to strengthen enforcement of its anti-monopoly rules. Following that agreement, the JFTC has become more active in investigating anti-competitive practices.

Earlier this year the JFTC filed criminal charges against leading Japanese heavy electrical machinery makers for allegedly rigging bids for public sewerage works contracts.

However, criminal charges are still rare and the fines imposed for breaches of the anti-monopoly law are low by international standards.

Many foreign companies continue to complain that anti-competitive practices among Japanese companies pose serious problems to their business in Japan. In a widely-publicised move, Kodak, the US film maker has accused the JFTC of co-operating with Fuji Film to obstruct its penetration of Japan's markets for film and photographic paper.

India to reopen telecoms bidding process

By Shiraz Siddiqui in New Delhi

India is reopening bidding on half the 20 regional licences it is offering for telephone services because offers were not pitched high enough.

The move presents a further stumbling block in the efforts of foreign telecommunications groups to gain entry to the country. Deregulation of the telecoms industry in India has been bedevilled by delays and changes of tack.

Mr R E Takkar, chairman of the telecom commission, a ministerial advisory body, said the second round of bidding in

10 of the so-called telecom "circles" - which roughly approximate to state boundaries - was necessary because bids received for some were too low.

Bidding would be restricted to the 16 private groups which had been shortlisted and had qualified in the previous round earlier this year. "This is not re-tendering, only a second round of bidding," he insisted.

The telecommunications ministry said yesterday it would issue notices on December 1 to the 16 competing for basic telephone licences. New bids have to be submitted by January 8.

The government changed the rules earlier this month, after receiving the first round of bids. A cap would be imposed on the number of service areas a single company could operate, and a reserve or threshold price would be specified.

Each company will now be able to operate in a maximum of three of the 20 circles into which the country has been divided. The three-circle cap would not, however, be applicable to the least lucrative areas.

The new rules were imposed by the government after unexpectedly aggressive bidding by

a little-known company, which topped the bidding in nine of 20 circles. Fasel, a joint venture between India's Himachal Futuristic Communications, Bezeq Communications of Israel and Shinawatra Telecommunications of Thailand, outbid international giants such as AT&T and US West.

"The government had not earlier thought of imposing a cap because we thought there was an inbuilt cap in the fact that no foreign companies were allowed to bid in more than one consortium," said Mr Takkar. "We could not allow one company to have a monop-

oly on nine out of 20 circles, and the government had the legitimate concern that one company may not be able to deliver on such a massive scale." He denied allegations from some telecom companies that there was a lack of transparency in the bidding process, or that some companies had been unduly favoured by the change of rules.

"Our omission to mention a reserve price in the first place does not rob us of our inherent right as a seller to test the market again," he says. "We have used the same parameters and the same formula for

accepting and rejecting bids in all 20 circles, so where is the lack of transparency?"

"The whole focus of the tendering process is to find a level which is suitable for both the buyer and the seller," Mr Takkar said. "We are the wiser for the experience, but we are not scared of lobbying by interested parties which are questioning our inherent right to get the best price. This is not a distress sale."

The government will earn a total of about Rs1,100bn (Rs20.4bn) as licence fees from basic telephone operators over the next 15 years.

Leeson sent to languish in Changi jail

By Kieran Cooke in Singapore

After a flight halfway around the world, questioning by police and a lengthy court appearance, Mr Nick Leeson, the former Barings futures trader, was last night resting in the spartan confines of Changi prison in Singapore.

Mr Leeson was transferred to Changi's new high security block, which is called Tanah Merah or Red Earth prison, after appearing in a Singapore court early yesterday morning.

He had to stand for more than an hour as 11 charges were read out to him by a court clerk.

The charges were cited in extensive detail, with the clerk reading out dates and amounts of trading offences allegedly committed.

At one point the man said to have run up \$1.4bn (\$960m) of trading losses and brought Barings, Britain's oldest merchant bank, to its knees shook his head in apparent exasperation as he listened to the long list.

Mr John Koh, Mr Leeson's Singapore defence counsel, asked if the process could be speeded up but the judge

insisted that court procedure must be followed.

At the end of the hearing the judge asked Mr Leeson if he understood the charges.

"Yes," replied the former trader in a firm voice. He was then led out of the court.

In an opening statement, Mr Lawrence Ang, the chief prosecuting counsel in the case and head of the Commercial Affairs Department (CAD), Singapore's financial police, asked the court not to seek a plea from Mr Leeson as CAD officers needed more time to question him.

The judge fixed the next hearing in the case for December 1. Defence counsel said that a trial date could possibly be set at next week's hearing.

In a recently released report into the Barings debacle Singapore investigators severely criticised senior Barings management and suggested that there had been an attempt to cover up the losses.

Lawyers that say CAD officers will want to find out from Mr Leeson how much senior management knew of his activities. Mr Leeson has promised to co-operate fully with the Singapore authorities.

THE CHARGES

It took the clerk of the court in Singapore over an hour to read out all the charges against Mr Nick Leeson yesterday.

When Singapore submitted its formal request to Germany for his extradition last April it listed 12 charges. However, one of these was not approved by the higher regional court in Frankfurt. Under international extradition law, Mr Leeson can be tried in Singapore only under the 11 charges approved by the German court and summarised here:

■ Forgery on or about February 2, 1995, of an incoming payment document with the intent to deceive Coopers & Lybrand, the auditors of Barings Futures Singapore (BFS), into believing that Y7.7bn (\$48.9bn) had been paid into a BFS account by Spear, Leeds and Kellogg of New York.

■ Forgery on or about February 3, 1995, by abetting the alteration of a daily trading activity statement intended to deceive Coopers & Lybrand into believing that a sale of 2,000 lots of Simex Nikkei 225 contracts had taken place on October 1 1994 when there was no such sale.

■ Forgery on or about February 2, 1995, of an audit confirmation dated February 1, 1995, purportedly from Richard Hogan, MD of Spear, Leeds & Kellogg, with the intention to deceive Coopers & Lybrand into believing that the New York firm owed BFS Y7.78bn.

■ Cheating BFS between January 10 and February 6, 1995 by adjusting prices in the BFS trading management system in order to show there were excess funds of Y5.7bn in an account of Barings Securities Japan held by BFS.

In fact there was only Y2.3bn in the account. Dishonestly inducing BFS to remit Y3bn to Barings Securities Japan, thereby causing BFS to suffer a loss of Y652m.

■ Same cheating charge as charge 4.



Ex-Barings trader Nick Leeson is escorted by police on the way to court in Singapore yesterday. Leeson was charged with 11 counts of forgery and fraud.

committed between January 10 and February 20, 1995, ultimately causing a loss to BFS of Y1.8bn.

■ Cheating Simex on or about January 26, 1995 by reporting that the final open long positions of March 1995 Nikkei Stock average contracts held by BFS totalled 4,775 contracts when in fact the figure was 30,775. Simex was therefore deceived into calculating margin requirements of \$455.8m (\$291m) and releasing to BFS the sum of \$39.3m.

■ Same cheating charge as charge 6, committed on or about February 1, 1995. Simex deceived into calculating margin requirements of \$459m and releasing sum of \$115m to BFS.

■ Same cheating charge as charge 7, committed on or about February 3, 1995. Simex deceived into calculating margin

requirements of \$487.5m and releasing sum of \$20.9m to BFS.

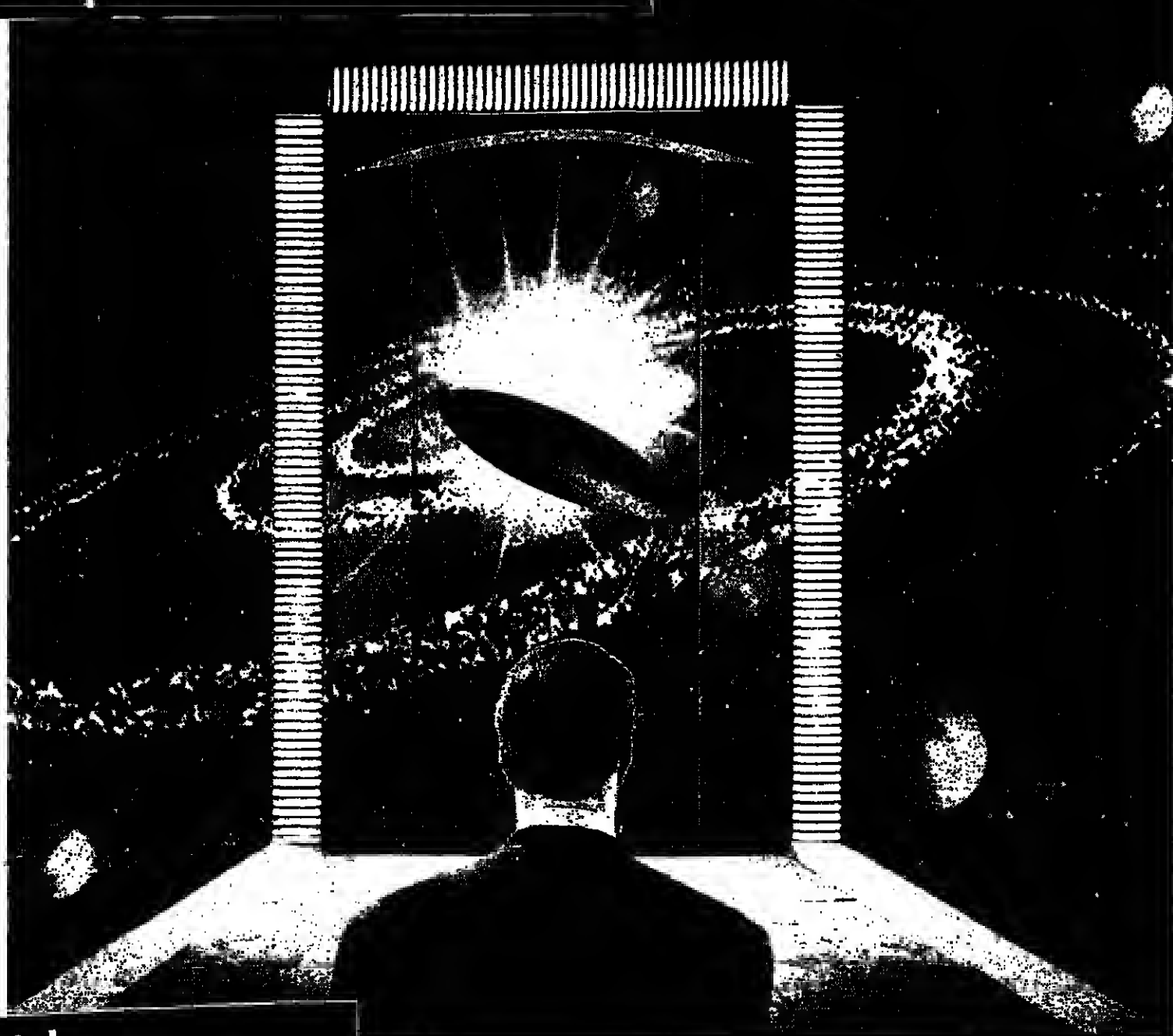
■ Same cheating charge as charge 8, committed on or about February 6, 1995. Simex deceived into calculating margin requirements of \$469m and releasing \$19.5m to BFS.

■ Same cheating charge as charge 9, committed on or about February 10, 1995. Simex deceived into calculating margin requirements of \$536.4m and releasing \$22.8m to BFS.

■ Same cheating charge as charge 10, committed on or about February 20, 1995. Simex deceived into calculating margin requirements of \$627.9m and releasing \$13.5m to BFS.

Kieran Cooke

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NEWS: INTERNATIONAL

Kazakhs play high-stakes game on oil

Kazakhstan is stepping up attempts to break the deadlock over a pipeline project which is preventing the central Asian state from exploiting its massive oil and gas reserves.

The high-stakes game of complex politics and high finance will determine whether or not Kazakhstan emerges as a leading energy producer early in the 21st century, with far-reaching economic and geopolitical consequences for the whole of the region.

Mr Akezhan Kazhegeldin, the Kazakh prime minister, was in London this week attempting to attract capital and expertise from several multinational energy companies to form an alternative consortium to the Caspian Pipeline Consortium (CPC), created in 1992 to build a pipeline from the Tengiz oilfields to an outlet on the Black Sea.

The CPC, formed between the Kazakh, Russian and Omani governments, has been mired in controversy almost since its inception. Chevron, the US oil group which owns 50 per cent of the Tengiz field, has become involved in increasingly acrimonious disputes with the Omani representatives about the financing of the project, stalling any progress.

Premier steps up effort to break deadlock over pipeline

"When you have a problem with a project that does not get off the ground then you have to start looking at alternatives," said Mr Kazhegeldin, in an interview.

The issue has been given added urgency by the recent conclusion of an agreement by nearby Azerbaijan to build two pipelines through Russia and Georgia to exploit its vast Caspian Sea reserves. That may enable Azerbaijan to steal a march on Kazakhstan and capture an important slice of the world market.

Realising the danger, the Kazakh government has been talking to Chevron and Mobil, of the US, British Gas, and Agip of Italy, and the giant Russian Lukoil, concerning forming an alternative consortium to CPC.

The alternative consortium is also likely to draw in Transneft, Russia's oil transportation company which already runs a network of pipelines to the Black Sea port of Novorossiysk.

Multinational agencies, such as the European Bank for Reconstruction and Development and the International Finance Corporation, are also likely to consider financing the project, which is vital for the economic development of the isolated central Asian region.

They walked away from the original CPC project after growing concerned at the shallowness of its financing structure. But if the talks are to succeed, Kazakhstan will first have to untie a Gordian knot



of geo-political, legal and commercial interests. Russia will need to be assured that its national strategic interests are satisfied. And Lukoil, the giant Russian oil concern which is emerging as a powerful independent influence in the region, will also want its share of the spoils.

Chevron, which has already invested \$1bn (\$550m) of high-

risk capital in the development of the Tengiz field, will not want its potential rewards diluted.

Chevron's share of the Tengiz field accounts for a quarter of its total booked reserves. It has also invested a large amount of management credibility in the success of the project.

Some parties involved in the talks suggest that the corrupt interests which envelop any project of this size will also have to be "squared" before more rational commercial and national interests can prevail.

"These are only the opening moves in the game, not the game itself," said one source close to the talks. "Nothing is likely to materialise until next summer."

The chief sticking point with the alternative consortium's prospects, however, could revolve around the agreements Kazakhstan and Russia have already entered into with the CPC.

The Omani representatives are adamant they will defend the original CPC agreement and the subsequent protocol - entered into in January 1993 - which concerns the building of

the first stage of the pipeline between the Russian towns of Tikhoretsk and Novorossiysk.

The Omanis, who became involved in the CPC after giving the Kazakh government a much-needed hard currency loan when the country emerged as an independent state in 1991, are not going to walk away.

Mr Ed Smith, an Omani Oil representative and director of the CPC, says the Omani government has already spent \$70m on feasibility studies and is still fully committed to the project.

But he claims the Russian and Kazakh governments must deliver on all its promises before it can attempt to raise finance from international banks.

He suggests the talk of an alternative consortium is simply a negotiating tactic.

"We think it is an apparition. There is nothing there," he says. But, he admits, the Omani government would consider an offer to buy them out of the original consortium.

"At the right price, I think that is a possibility," he says.

John Thornhill and Anthony Robinson

INTERNATIONAL NEWS DIGEST

Economy aide in Spain quits

Mr Alfredo Pastor yesterday resigned as Spain's secretary of state for the economy. Mr Manuel Conthe, director-general of the treasury, was immediately appointed to succeed him. The economy ministry ruled out speculation that Mr Pastor's abrupt departure was caused by policy divisions.

Mr Pastor had championed tight spending and faster deregulation during his two and half years in the post, and was known to be at odds with other senior members of the ministry. Although he had expressed his wish to leave several months ago, it was expected he would stay until general elections which are scheduled for March.

His departure comes at an awkward time for the government - its draft 1996 budget was rejected by parliament last month - but officials said the appointment of Mr Conthe underlined the government's continued commitment to lowering the deficit. Mr Conthe, who has built up a strong profile in money markets after managing Spain's debt for the past 10 years, holds similar views to those of Mr Pastor and is admired for his professionalism.

Tom Burns, Madrid

Estonia moves to join EU

Estonia's prime minister, Mr Tiit Vahi, yesterday signed an official application to join the European Union, making Estonia the second former Soviet Baltic republic to seek membership of the community. Tallinn has sought close ties with the west and a rapid shift to a market economy since independence from the Soviet Union in 1991.

Estonia's neighbour Latvia made its formal application to join the EU in October. Lithuania, the third former Soviet republic in the Baltics, has not yet announced when it plans to apply.

AP, Tallinn

Bangladesh parliament dissolved

Bangladesh President Abdur Rahman Biswas dissolved parliament yesterday at the request of Begum Khaleda Zia, prime minister, and asked her to stay until a general election is called. Polls had not been due until next March.

Opposition parties resigned from parliament last December, accusing the government of rigging a by-election in 1994 and of sweeping corruption. They had refused to take part in a by-election planned for December 15.

The parties want Mrs Khaleda, elected in 1991 in what were billed as the country's first free polls, to step down and hand power to a neutral caretaker administration to hold free and fair elections. Diplomats in Dhaka have urged Bangladesh's feuding government and opposition leaders to compromise and avoid plunging the country into chaos.

Reuters, Dhaka

Asian growth to outpace world

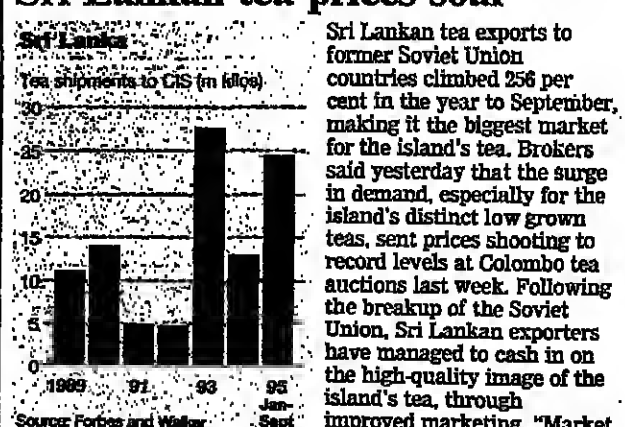
Asia's economies are expected to grow three times faster than the rest of the world over the next two years but the average rate will slow slightly over this year's 8 per cent to 7.1 per cent in 1997, according to the Asian Development Bank. ADB economists said in Manila yesterday that the dramatic growth of intra-Asian trade, which has quadrupled to more than \$800bn (\$506bn) since 1980, will continue to propel Asia's high growth rates and attract strong foreign direct investment to the region.

But worries of economic overheating - including higher inflation in Thailand, Malaysia and China - would slow the regional average, they said. Anti-inflation policies are expected to reduce China's growth rate from 10 per cent this year to 8.5 per cent in 1997.

Apart from the Philippines, which is expected to have a growth rate of 7 per cent in 1997 from an estimated 6.5 per cent this year, south-east Asia's growth rate is predicted to decelerate slightly from 7.9 per cent this year to 7.3 per cent in 1997.

Edward Luce, Manila

Sri Lankan tea prices soar



was much more difficult under the centrally-planned system," said Mr Anil Cooke, of brokers Forbes and Walker. The fall in the value of the rupee this year also helped boost exports, he added.

The tea industry chalked up record production and export figures last year and should bring in a similar crop this year, market analysts said. Tea production last year reached 242.2m kg, from 231.8m kg in 1993. The previous record was 240.8m kg, produced in 1991.

Higher tea prices would help cash-strapped and debt-ridden plantation companies to make short-term gains but would not help address long-term issues of accumulated debt and high production costs, the brokers said.

Reuters, Colombo

Salinas' sister-in-law held

The sister-in-law of former Mexican president Carlos Salinas has been arrested in Switzerland in connection with an investigation into a drug trafficking and money laundering ring. Swiss authorities did not name Mrs Paulina Castañón, who is married to Mr Raúl Salinas, the former president's older brother, but the attorney-general's office in Mexico confirmed she had been detained in Geneva after attempting to withdraw \$64m (\$83m) from a bank account with forged documents.

Although Mexican presidents have always left office far wealthier than when they arrived, this is the first time a close relative of a former leader has been investigated for alleged ties to drug trafficking.

Most of the cocaine that enters the US is smuggled through Mexico, which in turn has raised concerns over the ability of drug money to corrupt the highest echelons of government. Mr Raúl Salinas was arrested in February, three months after his brother had ended his presidential term, and charged with masterminding the murder of Mr José Francisco Ruiz Massieu, his former brother-in-law and leader of the ruling Institutional Revolutionary party. Mr Carlos Salinas was forced to leave Mexico in March.

Leslie Crawford, Mexico City

Government pension funds at troubled institution will help cover losses

Minister acts at South African bank

By Mark Ashurst in Johannesburg

Government pension funds lodged at African Bank, the troubled South African institution, are to be used to cover losses of more than R200m (\$35m), Mr Chris Liebenberg, finance minister, said yesterday.

The extent of the losses substantially exceeds the R104m pledge made by the private consortium which assumed control of the bank after its operations were suspended in September.

The government's latest intervention, supported by the promise of further funding from the Reserve Bank, is evidence of its commitment to promote the higher risk, predominantly black sector targeted by African Bank.

Additional money in the national budget would be set aside to cover the

pension funds, which accounted for R262m or about a third of the bank's capital, Mr Liebenberg said. While his intervention was a precondition of the rescue package, he insisted it "was not government policy to step in with taxpayer funds to rescue failed businesses".

The scale of African Bank's loss appears to have surprised even the finance minister, who stated last month that the R104m recapitalisation "should be sufficient to meet statutory requirements and restore confidence".

Initial estimates, on which the government's response was decided, pegged the level of debt at R70m in non-performing loans.

The small, black-owned bank whose 125,000 clients include many black businesses, has acquired symbolic importance.

The political ramifications of its suspension in September were highlighted when President Nelson Mandela instructed that funds withdrawn by a charity of which he is patron be returned.

In a statement, Mr Mandela said he "did not wish to disassociate himself from the bank's failure". A decision not to assist African Bank was subsequently reversed after charges of racism from black businessmen, who cited the help given by government to white-owned banks by previous administrations.

But Mr Liebenberg was quick yesterday to dispel suggestions that the intervention was politically motivated. African Bank's failure had "nothing to do with colour but with the niche in which the bank operated," he said.

His intervention had the full sup-

port of South Africa's multi-party cabinet, which had given "special consideration" to the social, economic and practical consequences of liquidation. The rescue package grants an 80 per cent stake in African Bank to a consortium of New Africa Investments, South Africa's largest black investment house; its subsidiary Metropolitan Life; and NBS, the country's fifth largest bank.

The balance would be held by the government and distributed to black investors to further black economic empowerment. NBS would retain management control.

Most of the R262m government deposits comprised civil service pensions banked by the former self-governing homeland of Transkei, whose administration was dissolved with the end of apartheid, and other parastatals.



Chris Liebenberg: 'not policy'

CALL FOR TENDERS FOR THE SUBMISSION OF OFFERS FOR THE SALE OF THE ASSETS OF "ROKA INDUSTRIAL ENTERPRISES S.A.", OF ATHENS, GREECE

ETHINIKI KEPHALOUE S.A., Administration of Assets and Liabilities, of 9a Chrysospondonou Str., Athens, Greece, in its capacity as Liquidator of "ROKA INDUSTRIAL ENTERPRISES S.A.", a company with its registered office in Athens, Greece, (the "Company"), pursuant to special liquidation according to the provisions of article 46 of Law 1892/1990, by virtue of Decision No 4382/1994 of the Athens Court of Appeal, upon instructions of the creditors representing more than 51% of the claims against the Company

announces a call for tenders

for the sale of the assets, as a single whole, of the company described below.

BRIEF INFORMATION

The Company was established in 1972 and was in operation until 1993, when it became bankrupt. On 30.04.94 it was placed under special liquidation according to the provisions of article 46 of Law 1892/1990. Its objectives included the manufacturing of cotton yarns, knitted fabrics and knit covers.

ASSETS OFFERED FOR SALE

a) A cotton spinning and weaving mill, dyeing and finishing units, cutting-sewing (conference) units. The whole complex consists of several buildings, the total surface of which amounts to approximately 16,000 sq m, standing on a plot of about 52,914.21 sqm, according to the relevant topographic plan, containing machinery, mechanical equipment, etc. The Company's trade name is also on offer.

b) The mill is located at "Grekas", at the 6th km of the National Larissa-Thessaloniki Road, in the region of Kozani, on 23.12.93 the factory was leased to "INCO GMBH IMPORT-EXPORT", a limited liability company, based in Kassel (3241 Cassel St. 4150 Kassel). It was allocated to "INCO HELLAS LTD TEXTILES MANUFACTURING AND TRADING INDUSTRIAL S.A." This lease was interrupted on 7.11.95.

c) A plot of land of about 12,220 sqm adjoining the factory plot, at the 6th km of the National Larissa-Thessaloniki Road in the region of Kozani.

TERMS AND CONDITIONS OF THE AUCTION

1. The Auction shall take place in accordance with the provisions of article 46 of Law 1892/1990 (as supplemented by article 14 of Law 2049/91) and subsequently amended, the terms and conditions set forth herein and the "Terms and Conditions of Sale" contained in the Offering Memorandum. Such provisions on other terms and conditions shall apply retrospectively to whether they are mentioned herein or not. Submission of binding offers shall mean acceptance of such provisions and other terms and conditions. (This is the third Auction to take place.)

2. Bidders/Offerors interested parties are hereby invited to submit binding offers no later than Tuesday, December 19th, 1995, 12.00 hours in the Athens Money Public Life Group Securities, Akademiou Str. 99, 115 22 Athens, Tel: +30-1-445,04,22 and 360,50,69, fax: +30-1-4 65,04,23.

Offers should expressly state the offered price and the detailed terms of payment (no cash or instalments) mentioning the number of instalments, the dates thereof and the proposed annual interest rate, if any. In the event of no payment by the stipulated date, the creditor shall bear interest and c) the interest rate shall be the legal rate in force from time to time. In all cases where the creditor bears interest, this shall be calculated on the basis of the outstanding amount and shall be payable on the date of payment each instalment. Binding offers submitted later than the above date shall neither be accepted nor considered, the offers shall be binding until the adjudication. Submission of offers to favour of a third party to be successful at a later stage shall be accepted on condition that this is expressly stated upon submission and that the offeror shall give a personal guarantee in favour of such third party for the completion of the obligations deriving from the sale contract.

3. Letters of Guarantee: Binding offers must be accompanied by a Letter of Guarantee issued in accordance with the sample Letter of Guarantee contained in the Offering Memorandum, by a bank legally operating in Greece, in amount equal to the difference between the amount of the Letter of Guarantee must be 10% ONE HUNDRED FIFTY MILLION (150,000,000). Letters of Guarantee shall be returned after the adjudication.

4. Submission: Binding offers together with the Letters of Guarantee shall be submitted in sealed opaque envelopes.

5. Envelopes containing the binding offers shall be opened by the above mentioned Money Public Life Group in the office, on Tuesday, December 19th, 1995, 14.00 hours. Any party having duly submitted a binding offer shall be entitled to attend and sign the deed stating the successful offer.

6. Highest bidder shall be considered the participant, whose offer will be judged by creditors representing over 51% of the claims against the Company (the "Creditors"), upon recommendation by the Liquidator, to be in the best interest of all the creditors of the Company. For the purpose of evaluation, an offer is to be paid immediately shall be assessed on the basis of its present value to be calculated by employing a 19% annual discount interest rate, compounded yearly.

7. The Liquidator shall give written notice to the highest bidder to appear on the date and place mentioned therein and execute the contract of sale in accordance with the terms contained in this binding offer and/or any other approved terms, which may be suggested by the Creditors and agreed upon. In the event of the highest bidder not complying with such obligation, the Letter of Guarantee shall be forfeited as a penalty. Adjudication shall be deemed to take effect upon execution of the contract of sale.

8. All costs and expenses of any nature, including any tax (such as V.A.T.), duties, custom duties, and charges in favour of the same as third parties, which may not exist (and other than those exempted by law) in respect of the participation in the Auction and the transfer of the assets offered hereby for sale, the sale contract, as well as any other not prior or subsequent to the transfer of assets shall be exclusively borne by the participant and the purchaser respectively.

9. The Liquidator and the Creditors shall have no liability or obligation whatsoever towards the participants in relation to the evaluation of the offer or the appointment of the highest bidder or any decision to reject or cancel the Auction or any decision whatsoever in connection with the proceedings of the Auction. The Liquidator or the Creditors shall have no liability for any legal or actual defects of the assets. Submission of binding offers shall not confer any right for the adjudication nor the participants shall acquire any right, power or claim from this Call neither their participation in the Auction against the Liquidator under the Conditions for any reason whatsoever.

10. This Call has been drafted in Greek and translated into English. In any event, the Greek version shall prevail.

In order to obtain a copy of the Offering Memorandum and any further information please apply to the Liquidator, Ethniki Kephalaou S.A., Administration of Assets and Liabilities, 9a Chrysospondonou Str., Athens 10568, Greece, Tel: +30-1-323,1494-7, Fax: +30-1-323,17,65 (attention of Mrs. Maria Frangoulis), Tel: +30-1-428,4779.

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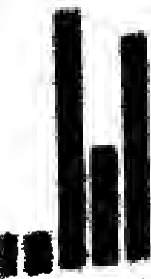
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Fyffes to launch joint bid for Geest's banana business

By David Blackwell

Fyffes, the Dublin-based fruit and vegetable company, is to make a joint bid for Geest's banana business.

Geest finally admitted yesterday that the business was up for sale and said it had received "a number of proposals".

Fyffes announced it had formed a joint venture with the Windward

Islands Banana Development Company (Wibdeco) and would be making an offer.

Geest has consistently denied rumours of a sale. Yesterday it said: "Discussions are taking place that may lead to the sale of the Geest banana business."

The shares, which fell to 107p earlier this month after the third profit warning in two years, added 25p to close at 142p, valuing the group

at £102m. The complexities of Geest's banana business make it difficult to value, but estimates range from £75m to more than £125m.

Wibdeco said it had been in discussions for two months with Fyffes, Geest's main competitor in the UK. For more than 40 years Geest has shipped bananas from the Windward Islands, which rely on the crop for most of their export income.

Mr Bernard Cornibert, Wibdeco managing director, warned that any deal without the islands' approval "would not be a welcome move. We will do all in our power to get a stake in the business."

Geest was surprised by the Fyffes announcement. Until now the front runner to buy the banana business has been Noboa Corporation, an Ecuadorian group which has a small European presence in the Bon-

ita brand, marketed through Pacific Fruit in Antwerp.

Noboa has grown to be third biggest in the world banana industry, behind Chiquita and Dole. All three groups are known as dollar banana producers, as they grow their crop on plantations in south America and sell mainly to the US market.

Windward Islands produce comes under the EC banana regime, which favours bananas from countries in

the African, Caribbean and Pacific (ACP) Group and sets quotas for the cheaper dollar bananas.

Both Fyffes and Geest have about a third of the UK banana market. Analysts suggested that monopoly concerns would not arise if Fyffes were to get control of Geest as the new group would be seen in the context of the European market, in which it would have a 20 per cent stake.

Littlewoods asked to open books

By Roderick Oram, Consumer Industries Editor

Shareholders of Littlewoods, the family-owned retail and football pools group, were urged yesterday to vote against a board resolution to deny a potential bidder access to the company's books.

"Only by voting against the resolution can you keep all your options open," Bido, a consortium formed to bid for the group by Mr Barry Dale, said yesterday in a letter to the 32 family shareholders. Mr Dale, a former Littlewoods chief executive, was ousted in March.

Shareholders meet next week for a presentation on the group's prospects, strategy, and ways to enhance shareholder value. They will then vote at an extraordinary meeting on December 7.

If shareholders decide to sell the company, it makes no sense to give exclusivity to Mr Dale and his venture capital backers," Littlewoods said.

The board also offered earlier this week to buy back up to £250m of Littlewoods shares, which could push the net debt-free group to gearing of between 30 per cent and 50 per cent.

The company "can ill afford to make a purchase of this magnitude," Mr Gerald Raingold, deputy chairman of Dawday Day Corporate Finance, said in the letter to shareholders. The firm is assisting Bido in its approach to Littlewoods.

Moreover, "the shareholders wishing to sell would receive far less than as a result of a general offer for the company".

Continuity as ICL names chief

By Paul Taylor

Mr Keith Todd, who was named yesterday to succeed Mr Peter Bonfield as ICL's new chief executive, said his appointment was unlikely to affect the UK-based computing company's immediate strategy - or its flotation plans.

Mr Todd, 42, who became ICL's finance director eight years ago, took on the additional responsibility for business strategy nine months later and has worked closely with Mr Bonfield and ICL's three-man executive team ever since.

"Peter was the person who attracted me to ICL," said the Glasgow-born, chartered accountant. Together they plotted ICL's recovery strategy based on refocusing the group, 85 per cent owned by Fujitsu of Japan, on 10 core units.

Unprofitable businesses have been sold off or closed down and costs have been cut as ICL focused on the more profitable growth sectors of systems integration, desk-top services and

outsourcing.

"The strategy is right," said Mr Todd confidently, "the real challenge for me is to continue the strategy and develop it. We need to demonstrate bottom line profits." Last year the group reported a 21 per cent increase in pre-tax profits to £28.4m on sales of £2.82bn, but market conditions have been tough since then.

When Fujitsu acquired ICL in 1990 the Japanese computer group decided ICL would be autonomous, operating at arm's length from its parent. It would retain its European base, seek maximum commercial co-operation with Fujitsu and, eventually, float on the London Stock Exchange.

Most of these conditions have been fulfilled, but the recession delayed the flotation which has remained stubbornly "several years away". Mr Todd declined to be tied to any more specific timing.

Neither Fujitsu nor ICL's other main shareholder, Northern Telecom, are in any pressing hurry. Both have represen-



Keith Todd: helped to plot ICL's recovery strategy

tatives on the ICL board which met on Thursday to approve Mr Todd's appointment. His broad range of experience, which has included spells

as chief financial officer of Cincinnati Electronics in the US and finance director of Marconi before joining ICL, made him an obvious candidate.

Giant open to Sainsbury move

By Richard Tomkins in New York

J Sainsbury, Britain's biggest food retailer, could be poised to take over Giant Food, the US supermarket chain in which it holds a minority stake, following the death of Mr Israel Cohen, the US company's chairman and chief executive.

Last year Sainsbury paid \$32m (£20.6m) for 16 per cent of Giant Food's publicly-traded non-voting stock and 50 per cent of its special voting stock. The other 50 per cent of the voting stock was owned by Mr Cohen, son of one of the co-founders.

In his will, Mr Cohen left control of his voting rights to a trust comprising his sister and four senior Giant Food executives. But analysts believe the death of Mr Cohen, who was 83 and had been with the company since its first store opened in 1936, has opened the way for Sainsbury to complete an acquisition.

In New York yesterday, on the first day of trading since

the announcement of Mr Cohen's death on Thanksgiving Day, speculation about a takeover triggered an increase of \$24 in Giant Food's ordinary shares to \$344 - a rise of 8.7 per cent.

At that price, the company is valued at more than \$2bn. Neither Sainsbury nor Giant Food would comment yesterday on the possibility of a takeover. But Mr Gary Vineberg, an analyst at Merrill Lynch, said both parties appeared to be feigning lack of interest in a deal as part of their negotiating strategy.

"They are jockeying for positions," Mr Vineberg said. "I think Sainsbury will ultimately buy the company, but it could drag on for a while."

Like Shaw's, the US supermarket chain that Sainsbury bought in 1987, Giant Food, based in Washington DC, operates mainly in the north-east. Seen as a successful company, it has 164 supermarkets and made net profits of \$94.2m in the year to last February on revenues of \$3.7bn.

Thorn Security plans flotation

By Geoff Dyer and Andrew Bolger

Thorn Security, which was sold to its management by Thorn EMI last year, has appointed BZW as adviser for a stock market flotation.

The listing is planned for late 1996 or early 1997 and Mr Malcolm Strang, director at BZW, predicted it would "considerably more than double" the £65m value the

company had at the MBO.

Thorn makes fire detection equipment, security alarms and environment control systems. It also has a named guarding business. In the year Thorn EMI sold it, the security business lost £2.5m. However, for the year to March 31 it made pre-tax profits of £9.17m on sales of £135.7m.

Thorn EMI, which retained a 43 per cent stake, said it was too early to say whether it

would reduce its investment at flotation.

The management team, led by Mr John Nixon, chief executive, made an investment of £500,000 and now has a stake of more than 20 per cent. The float will also benefit employees who have recently been able to subscribe for shares.

However, the group faces the threat of industrial action by its engineers over a move towards local pay bargaining.

Welsh Water strengthens hand with solid results

By Christopher Price

Welsh Water bolstered its credentials prior to bid talks with Swalec next week by yesterday reporting a return to profitability of all its non-regulated businesses.

The group also unveiled an 11.5 per cent interim dividend increase to 12.6p. Operating profits from continuing operations were £41.3m (£38.1m) for the six months to September 30 on turnover 3 per cent higher at £269.5m.

Pre-tax profits showed a 68 per cent rise to £90.6m (£49.4m) after last year's £28.5m of exceptional charges. Some £11.5m of the charge covered rationalisation of the Aker engineering consultancy subsidiary, which Mr Graham Hawker, chief executive, said had moved back into the black.

Aker, which was heavily involved in motorway repair work, had been hit by a drop in orders. Mr Hawker said the business was now focused on the overseas market and that its order book was strong.

Profits before interest in the water and sewerage business slipped from £87.4m to £84.7m as the company counted the cost of the drought. In addition to £1.6m in the first half, Welsh said drought measures would cost a further £1m in the second half.

Mr Hawker said the return to profitability of all the group's businesses argued well for the Swalec meeting. "We specialise in infrastructure and utility-related businesses and see great synergies with Swalec in these areas."

He refused to comment on the meeting other than to hope for "meaningful" discussions with the Swalec management.

Welsh said two weeks ago it was considering an offer for the electricity utility. The two camps met last week and will meet for a second time on Wednesday.

Welsh shares fell 5p to 68p yesterday. Earnings per share before exceptional items rose 4 per cent to 57.4p.

COMMENT

While yesterday's results were rather a sideshow to Wednesday's showdown, Welsh Water must have been relieved to see its non-regulated businesses profitable. The hefty provisions the company has had to make against its Aker engineering business have been cited as a reason for not trusting Welsh to run an electricity utility.

Otherwise, it provided a solid set of results. The key question for shareholders ahead of the Swalec meeting is: will a takeover enhance value? The answer depends on the price paid. Welsh may be tempted to overpay because of its views on potential geographical, operational and tax savings.

More cautious investors, however, will hope that - rather than leap into the unknown - the group walks away. The shares have fallen 8 per cent since the possibility of a bid was announced; without it, Welsh could restore value through share buy-backs and generous dividend payments.

US military changes behind Radstone loss

Radstone Technology yesterday justified the warning delivered at its annual meeting in June as figures for the six months to September 30 reflected a "difficult and disappointing trading period".

The group, which supplies open architecture computer subsystems for industrial and defence use, blamed fundamental changes in US military procurement as it slumped to pre-tax losses of £2.63m (profits of £1.0m) after exceptional reorganisation costs of £300,000.

The shares, floated at 125p in February 1994, tumbled 64p yesterday to 33p as the interim dividend was passed (0.825p) and Mr Rhys Williams, chairman, held out little prospect of a final although he anticipated a return to the black next year.

Turnover fell 44 per cent to £8.33m, reflecting declines of £2.5m in the US and £1.7m in east Asia where a customer deferred a capital programme.

Biotrace warns of deepening losses

By Motoko Rich

Shares in Biotrace plunged 22p to 42p yesterday as the maker of kits to detect microbiological contamination warned that it was likely to fall deeper into the red in 1996.

The group also announced that it had terminated the contract of employment of Mr Brian Levett, its chief executive.

Following investment in developing its European and US markets - announced at the interim stage - the group said that the impact of this expansion, coupled with increased competition and expenses incurred on the upgrade of one of its products, was "greater than envisaged in the half year report". It said it was likely to incur a £1.5m loss on flat turnover of £3.65m.

Mr Terry Clements, acting chief executive who joined the board as a non-executive direc-

tor in August, said that competition had tripled over the past year.

He said the group had sold systems to the top 15 global food producers and that next year it would "resume the growth pattern we have had". There had been a greater lag in recovering the cost of expansion through sales because competition had caused customers to delay purchasing decisions, he added.

The group ended 1994 with a pre-tax loss of £194,000 against a pro forma profit of £216,000. Mr Clements declined to comment on why Mr Levett's contract had been terminated, but it is understood that his departure is not directly related to the trading performance of the group.

It is believed that there was a difference of opinion about how the company was run between Mr Levett and Mr Clements.

Domino Printing warns again

By Paul Taylor

Shares in Domino Printing Sciences fell sharply yesterday after the Cambridge-based ink jet printer manufacturer issued its second profit warning in 10 weeks. It has been hit by restructuring charges and the cost of supporting customers affected by technical problems.

Domino's shares, which fell sharply from 65p in September after the first warning, closed 42p lower at 38p yesterday. The company said it intended to maintain the final dividend at 6.4p.

In September, it warned that second-half profits were unlikely to match the first half. Technical difficulties involving poor quality ink supplies had affected about 3,000 of its 42,000 installed machines.

At that stage, Domino estimated that the direct costs of solving the problems would be £1.5m. Yesterday, however, Mr Howard Whittemith, managing director, admitted that this estimate had been too low.

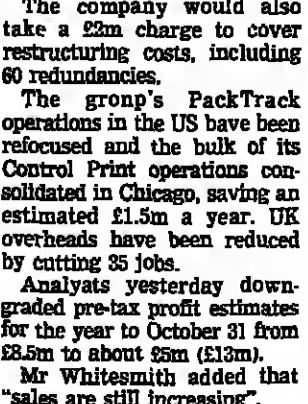
"Our customers have been receiving good product for some time without problems," he said, but the additional costs of supporting them through the technical difficul-

ties were estimated at £2m. The company would also take a £2m charge to cover restructuring costs, including 60 redundancies.

The group's PackTrack operations in the US have been reorganised and the bulk of its Control Print operations consolidated in Chicago, saving an estimated £1.5m a year. UK overheads have been reduced by cutting 35 jobs.

Analysts yesterday downgraded pre-tax profit estimates for the year to October 31 from £8.5m to about £5m (£13m). Mr Whittemith added that "sales are still increasing".

Domino Printing Sciences



Amec bids £133m for Alfred McAlpine

By Andrew Taylor, Construction Correspondent

Amec has launched a £133m bid for Alfred McAlpine, its rival construction group.

The bid came after Kvaerner, the Norwegian shipbuilding and engineering group, raised its stake in Amec to 12 per cent in a dawn raid on Thursday.

Amec is offering two shares for each McAlpine; there is no cash alternative. Amec is unlikely to proceed without the support of McAlpine directors.

However, McAlpine said yesterday it would not respond until the outcome of discussions between Amec and Kvaerner became known.

It pointed out that Amec's share price had risen by almost a quarter following Kvaerner's move and that any sharp change in the price would materially influence the value of the bid to McAlpine shareholders.

Mr Erik Tonseth, Kvaerner chief executive, said he had been "surprised, puzzled and embarrassed" by Amec's move. He had met Sir Alan Cockshaw, Amec chairman, on Thursday but had received no indication that the bid was in the offing, even though Kvaerner was Amec's second largest shareholder.

He said that the offer implied a value on Amec shares of 60p-70p, compared with the 100p paid by Kvaerner, "so that is a small shock".

Amec's shares, which on Thursday had risen from 78p to 89p, slipped back yesterday to 86p, valuing the company at £133m. McAlpine shares rose 18p to 159p, valuing it at £110m.

Mr Tonseth yesterday declined to rule out a full bid for Amec saying his company was considering all options. He said the only part of Amec that Kvaerner would be interested in would be its UK house-building business.

Kvaerner has pledged not to pay more than the 100p offered in the dawn raid.

Amec said it would be prepared to consider joint ventures with Kvaerner, but would not cede control at a price which it considered undervalued its prospects with a number of large international orders in the pipeline.

It said a merger with McAlpine would reduce overcapacity in the construction industry and increase its housebuilding interests - a market expected to recover next year.

Improved Amberley expands

By Motoko Rich

Amberley Group, the minerals and specialty chemicals maker, is paying \$9.5m in shares to acquire Bousfield Printing Products, the private Bristol-based manufacturer.

The acquisition will more than double sales by Amberley, which yesterday announced turnover up 48 per cent to £7.7m in the six months to September. Pre-tax profits rose 67 per cent to £820,000 (£552,000).

The group, listed in July, issued 15.6m new shares, of which 13.5m were placed with institutions at 61p, raising £8.2m for the vendors. Amberley will also pay £2.95m owed to the Bousfield Children's Trust. Gearing will be 30 per cent, including £3m borrowings taken on with Bousfield.

It will also issue 1.9m shares to raise £1.2m for purchase costs and working capital.

Mr Brian Meddings, finance director, said Bousfield had spent £3.7m on new plant which was only running at 80 to 40 per cent capacity. It made pre-tax profits of £1.4m on turnover of £18.4m in the year to March 31. Amberley's earnings rose to 1.39p (1.18p) and the dividend is 0.3p (0.25p).

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INTERNATIONAL COMPANIES AND FINANCE

Atlas Copco up 44% in third term but slowing

By Christopher Brown-Humes in Stockholm

Atlas Copco yesterday became the latest Swedish industrial group to report slower third-quarter growth, but it stood by a previous forecast that its full-year figures would be considerably better than last year.

The engineering group - a core company in the Wallenberg family's industrial empire - reported third-quarter profits up 44 per cent from SKr458m to SKr659m (\$101m). But nine-month profits climbed a more robust 67 per cent to SKr2.05bn, taking the group past the SKr1.95bn profit achieved for the whole of 1994.

Atlas said demand had slowed in the third quarter, particularly for smaller standard machines and expendable goods.

But the pattern in the first nine months was more varied, with higher demand for large industrial and portable compressors and mining equipment compensating for weak construction demand and dis-

appointing electric tool sales in Europe. The group expects demand for large capital equipment from manufacturing industries to continue rising.

Nine-month sales rose 17 per cent to SKr17.8bn while operating profits increased 46 per cent from SKr1.31bn to SKr1.91bn. The group's biggest division - compressors - lifted operating profits from SKr1.02bn to SKr1.26bn as sales rose from SKr7.22bn to SKr8.36bn.

Orders grew 17 per cent to SKr16.7bn - 18 per cent if the recent acquisition of Milwaukee Electric Tool Corp of the US is included.

The \$550m Milwaukee purchase strengthens the Swedish group's operations in electric tools and enhances a previously weak position in the North American market. But the group's accounting treatment of the goodwill portion of the deal has provoked controversy. It is amortising the SKr30m goodwill element over 40 years, deviating from the Swedish norm of 20 years.

Bankers Trust head of derivatives quits

By Richard Waters in New York

The head of Bankers Trust's derivatives operations has left to join a private US investment group, further eroding the New York bank's senior management team.

Mr Brian Walsh was a close associate of Mr Charles Sanford, the bank's chairman, who will retire early next year. Mr Eugene Shanks, the bank's president, resigned after he lost out in the race to succeed Mr Sanford, while Mr Tim Yates, chief financial officer, has also announced plans to retire.

Mr Walsh has resigned to take up a position with the private investment organisation run by Mr Robert Bass, who made his name in the financial

markets with a series of leveraged buy-outs.

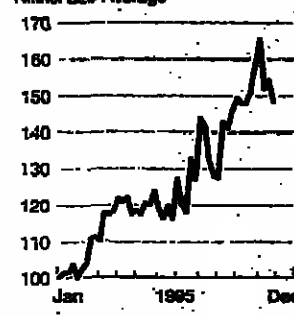
Under Mr Walsh, Bankers Trust's derivatives operations had led its push to become the leader in the growing risk management industry. This involves designing and selling financial instruments which make it easier for companies or investors to adjust exposure to interest rate, currency or other market risks.

Mr Walsh's departure comes in the middle of an independent investigation into Bankers Trust's derivatives business, prompted by allegations that it had misled some of its derivatives customers.

Bankers Trust said Mr Walsh's resignation "was entirely Brian's initiative" and was unrelated to troubles in the derivatives business.

Nintendo

Share price relative to the Nikkei 225 Average



Source: FT Data

Nintendo sets April date for 64-bit launch

By Michio Nakamoto in Tokyo

Nintendo, Japan's leading video games maker, is launching its long-awaited advanced 64-bit video games machine next April.

Nintendo's share price responded to the news yesterday by rising ¥200 to ¥7,580. Its share price had dropped sharply on speculation that the launch of the new machine was being delayed. However, the April launch does represent a delay, because Nintendo initially said it would launch the new machine this year.

The 64-bit machine, which offers high-quality graphics and allows users to alter the software, is expected to help the Nintendo hit back at its rivals. They have introduced video games machines with more advanced technology than Nintendo's Super Famicom, a 16-bit machine, known abroad as the Super Nintendo Entertainment System.

Sony and Sega have both launched popular 32-bit video games machines and sales of Nintendo's machines have slipped.

The system will be sold for ¥25,000 (\$340), which is significantly lower than the prices of Sony and Sega's machines. Mr Akiyoshi Hayakawa, analyst at Nikko Research Center, expected Nintendo to sell 2m to 2.5m units in the first year and to gain ground against rivals.

Nevertheless, he said Nintendo would not be able to increase profits next year since the low price it was charging meant the company would probably lose money on the hardware. A further fall in sales of the Super Famicom would also eat into profits.

Quality gap widens between weak and strong

Leading Japanese banks gear up to show pedigree by jettisoning bad-debt problems

There was a time when Japanese banks' results revealed little that was new or different. Moving in convoy, year after year all the leading companies tended to report remarkably similar profits (never losses) and balance sheets.

Yesterday's results for the six months to the end of September showed just how far they have come from those tranquil days.

The figures revealed a clear widening of the gap between the strongest banks and the weakest, and suggested that the cohesive nature of the Japanese financial system may have broken down for good.

The results produced the clearest evidence yet that the stronger banks are gearing up to wipe out the non-performing loan problem quickly, leaving the ailing banks struggling to keep up.

This is the first time that the 11 city banks have owned up to figures that give a fairer picture of their non-performing loans. In the past they have confined themselves to reporting only loans to bankrupt borrowers and those with interest more than six months overdue.

But this time they have moved into line with international practice and given estimates for the total value of restructured loans - where interest rates have been cut to keep a borrower from bankruptcy.

The estimates are still likely

HALF-YEAR RESULTS OF JAPANESE CITY BANKS (¥bn)							
	Operating profit	% change year-on-year	Recurring profit	% change year-on-year	Net profit	Total bad loans	1995-96 forecast recurring profit
Sumitomo	2,270	+28.1	2,243	+25.5	1,677	1,394.3	65.0
Dai-ichi Kangyo	2,200	+30.0	2,100	+27.2	1,600	1,385.5	60.0
Fuji	2,150	+27.5	2,050	+24.0	1,550	1,288.5	440.0
Sakai	1,800	+25.0	1,700	+22.0	1,300	2,070.8	85.0
Sanwa	2,020	+23.0	1,920	+20.0	1,420	1,438.9	80.0
Mitsubishi	2,110	+22.0	2,010	+19.0	1,510	1,327.6	75.0
Aizu	1,700	+20.0	1,600	+17.0	1,200	1,101.4	30.0
Industrial Bank of Japan	1,600	+18.0	1,500	+15.0	1,100	1,000.0	110.0
Sanwa	1,500	+16.0	1,400	+13.0	1,000	851.5	110.0
Bank of Tokyo	1,400	+14.0	1,300	+11.0	900	673.4	160.0
Hokkaido Tokai-Mitsubishi Bank of Tokyo	1,300	+12.0	1,200	+9.0	800	548.7	30.0
Tokai	1,200	+10.0	1,100	+7.0	700	1,895.8	

Source: Companies

COMMODITIES AND AGRICULTURE

WEEK IN THE MARKETS
Lead prices
buoyant as
stocks fall

Lead was again the star performer at the London Metal Exchange this week as concerns about tightening supplies drove prices to five year highs and widened the cash premium.

A 4,300-tonne fall in LME warehouse stocks reported yesterday took the total decline on the week to 8,500 tonnes, or 4.8 per cent, to 173,078 tonnes. That was enough to prompt a rise of \$13 in the three months delivery position to \$734.50 a tonne and one of \$19.50 for

LME WAREHOUSE STOCKS (At Thursday's close)	
	Nov 24
Aluminum	+1,025 to 165,200
Aluminum alloy	+540 to 22,800
Copper	+2,775 to 218,500
Lead	+1,070 to 173,078
Nickel	+308 to 47,222
Zinc	+2,725 to 168,225
Tin	+210 to 12,800

cash metal, to \$766. With little chart-based resistance expected on the upside a move up to \$750 a tonne was possible, some analysts told the Reuters news agency.

Battery producers, who account for about 60 per cent of lead demand, were warned that might be in store during last month's London Metals Week, when Mr Chris Tomblin of the CRU International consultancy said that lead stocks might soon approach historical tight levels equivalent to only five weeks of consumption. When that last happened in 1989, he said, "we had a boom in prices".

Other base metals were generally steady, notably nickel, which yesterday gained \$5 in the three months position to \$8,747.50 a tonne, despite news of a smaller-than-expected fall in LME stocks. The gain on the week was \$252.50.

After a modest rally yesterday three months copper ended with a small gain on the week and nearby supply tightness kept the cash/three months premium at a very high \$235.50

Richard Mooney

WEEKLY PRICE CHANGES

	Latest price	Change on week	1995 High	1995 Low
Gold per troy oz.	\$383.50	+2.00	\$384.00	\$373
Silver per troy oz.	\$336.25	+2.25	\$337.50	\$267.00
Aluminum 99.7% (cash)	\$1,680.00	+42.00	\$1,680.00	\$1,638.00
Copper Grade A (cash)	\$2,997.50	+5.00	\$2,998.00	\$2,992.50
Lead (cash)	\$766.00	+43.00	\$766.00	\$723.00
Nickel (cash)	\$893.00	+25.00	\$893.00	\$868.00
3m S&P 500 (cash)	\$1,023.12	+0.12	\$1,023.12	\$1,023.00
Tin (cash)	\$2,835.00	+21.00	\$2,835.00	\$2,814.00
Cocoa Futures Dec	\$818	+19	\$818	\$799
Cocoa Futures Nov	\$241.35	+5	\$241.35	\$236.35
Sugar (LDP) Nov	\$11.875	+1.5	\$11.875	\$10.375
Barley Futures Nov	\$118.00	+1.00	\$118.00	\$117.00
Wheat Futures Jan	\$122.20	+1.00	\$122.20	\$121.20
Cotton Outlook A Index	\$60.00	+0.10	\$60.00	\$59.90
Oil (Brent) Super	\$18.00	+0.05	\$18.00	\$17.95
Oil (Brent) Blend	\$18.00	+0.01	\$18.00	\$17.99

For some values otherwise stated, p. 1995/96, c. 1996/97, d. 2000/01.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

Coupon	Red Date	Price	Yield	Week	Month
Australia	7.00%	107.05	6.50%	0.30	0.30
Austria	6.00%	110.05	6.50%	0.71	0.78
Belgium	6.50%	109.05	6.50%	0.80	0.80
Canada	7.75%	120.05	6.50%	7.34	7.57
Denmark	7.00%	120.05	6.50%	7.42	7.57
France	7.75%	109.05	6.50%	6.04	6.12
Germany Bund	8.50%	109.05	6.50%	6.25	6.30
Ireland	8.25%	109.05	6.50%	7.22	7.33
Italy	10.00%	109.05	6.50%	11.21	11.30
Japan	10.00%	109.05	6.50%	1.25	1.42
Netherlands	10.00%	109.05	6.50%	2.75	2.71
Portugal	10.00%	109.05	6.50%	8.25	8.35
Spain	10.00%	109.05	6.50%	10.77	11.21
Sweden	8.00%	109.05	6.50%	8.25	8.35
UK Gilt	8.00%	109.05	6.50%	7.13	7.13
US Treasury	8.00%	109.05	6.50%	7.77	7.88
US Treasury	8.00%	109.05	6.50%	8.25	8.35
US Treasury	8.00%	109.05	6.50%	8.25	8.35

Source: Reuters International

ECONOMIC DIARY - FORWARD EVENTS

MONDAY: US existing home sales (October). Start of European Union Mediterranean countries conference in Barcelona. EU finance ministers meeting in Brussels. Great Lakes summit in Cairo with presidents of Zaire, Uganda, Tanzania, Rwanda and Burundi. Seminar in Jakarta on transmigration attended by 13 countries (to Nov 29).

TUESDAY: Mr Kenneth Clarke, chancellor of the exchequer, presents budget. Major British banking groups mortgage lending during October. US consumer confidence (November). French industry survey (November). Spain industrial output (September). Pacific Rim Forum begins in Bangkok (to Dec 3). French general strike called by FO trade union against reform of welfare system. Fourth ministerial meeting for zone of peace and co-operation in the South Atlantic to be held in South Africa. Burmese junta holds national convention of elected and non-elected representatives to help draft new Burmese constitution. European parliament holds mini-session in Brussels (until November

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

ALUMINUM, 99.7 PURITY (\$ per tonne)

Cash 3 mths

Close 1678.5-1678.5 1713-14

Previous 1678.5-1678.5 1713-14

High/Low 1681 1678.5-1713/14

AM Official 1681.5-1681.5 1713-14

Kerb close 1681.5-1681.5 1713-14

Open int. 225,175 47,218,155,470

Total daily turnover 30,553

ALUMINUM ALLOY (\$ per tonne)

Close 1400-10 1443-45

Previous 1395-40 1435-45

High/Low 1400-10 1443-45

AM Official 1400-10 1443-45

Kerb close 1400-10 1443-45

Open int. 4,024 1440-45

Total daily turnover 2,159

LEAD (\$ per tonne)

Close 755-7 724-25

Previous 745.5-7.5 721-22

High/Low 755-7 721-22

AM Official 755-7 721-22

Kerb close 755-7 721-22

Open int. 21,688 730-2

Total daily turnover 5,720

NICKEL (\$ per tonne)

Close 8825-35 8745-50

Previous 8745-50 8745-50

High/Low 8825-35 8745-50

AM Official 8825-35 8745-50

Kerb close 8825-35 8745-50

Open int. 44,300 8750-30

Total daily turnover 7,257

ZINC (\$ per tonne)

Close 6390-400 6415-20

Previous 6400-10 6400-10

High/Low 6390-400 6415-20

AM Official 6400-10 6400-10

Kerb close 6400-10 6400-10

Open int. 18,054 5410-20

Total daily turnover 1,523

ZINC, special high grade (\$ per tonne)

Close 1030.5-34.5 1037-8

Previous 1030.5-34.5 1037-8

High/Low 1030.5-34.5 1037-8

AM Official 1030.5-34.5 1037-8

Kerb close 1030.5-34.5 1037-8

Open int. 81,430 1037-8

Total daily turnover 8,600

COPPER, grade A (\$ per tonne)

Close 2685-60 2751-53

Previous 2685-60 2751-53

High/Low 2685-60 2751-53

AM Official 2685-60 2751-53

Kerb close 2685-60 2751-53

Open int. 27,628 2751-53

Total daily turnover 36,896

LME AM Official 2/5 ratio: 1.5845

LME Closing 2/5 ratio: 1.5825

Spot: 1.5822 3 mths: 1.5856 6 mths: 1.5830 9 mths: 1.5800

HIGH GRADE COPPER (COMEX)

Close 138.40 138.30 138.00

Previous 137.65 137.50 137.00

High/Low 138.40 137.65 137.00

AM Official 138.40 137.65 137.00

Kerb close 138.40 137.65 137.00

Open int. 129.35 137.00

Total 129.35 137.00

PRECIOUS METALS continued

GOLD COMEX (100 Troy oz; \$ per oz)

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Sep 38

COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700
Saturday November 25 1995

Budget for a growth pause

The question for investors, business people and - this weekend of all weekends - for the chancellor of the exchequer, is whether Britain's slowdown in growth is starting to look longer and more substantial than had been thought.

As Mr Kenneth Clarke puts the finishing touches to next Tuesday's Budget, he is dealing with an economy which each day appears slightly more sluggish. Stock market analysts are starting to revise downwards their 1996 forecasts for economic growth from the 2.7 per cent or so which until now was the consensus.

The weakening is particularly marked for those manufacturing firms so close to the chancellor's Midlands heart. SBC Warrburg, in shaving its 1996 forecast to show GDP growth of 2.25 per cent rather than the previous 2.75 per cent, is predicting a rise in manufacturing output of less than 0.5 per cent. This quarter and next, it says, manufacturing output will actually shrink.

The CBI survey of its members, published yesterday, reported a further weakening in demand for manufactured goods, and a further rise in stocks of finished goods. In each case the increase was slight, but the cumulative picture is striking: in February, for example, there was a net balance of 36 per cent of manufacturers expecting higher output in the months ahead, a figure higher than at any time since 1988. By November, this balance had dropped to 9 per cent.

Yet paradoxically, these disappointing figures offer the chancellor greater scope for manoeuvre than he might have hoped for only a few months ago. By reducing the fear of a resurgence in inflation, a longer economic pause gives him more appealing arguments to deploy in support of an easing of both fiscal and monetary policy. On Tuesday, he can use the weakness in the economy to justify the tax reductions demanded by Conservative backbenchers. And at his subsequent meetings with the governor of the Bank of England, Mr Clarke can more gracefully defend a shift towards an easier monetary policy.

Silver lining

For investors too there is a silver lining to the present economic sluggishness. It is tempting to add together the three likely components of the near-term outlook - a small consumption stimulus in the Budget; a subsequent reduction in base rates; gilt yields which have dropped more than half a percentage point in the past month and would probably respond sympathetically to any

easing of short-term rates - and to see these as a recipe for continued stock market prosperity.

There are three factors which could damage this enticing prospect. If the UK were seen to be sliding into a real recession, and not merely pausing, then it would be harder to justify the current level of share prices. Though the market as a whole is selling at a price/earnings ratio of 16, smaller and mid-sized companies are more demanding priced: the p/e for the FT-SE Mid 250 index is 19; for the FT-SE SmallCap, 22. Fortunately, a proper recession still seems unlikely, not least because the big injection of windfall cash into consumers' pockets - from electricity rebates, building society takeovers and the like - still lies ahead.

Overseas influences

A second potential pitfall is bed news overseas, ranging from an unexpected setback in the US stock or bond markets to a coincident downturn in the economies of the UK's major trading partners. Market behaviour, of course, cannot be predicted. But on the economic front, the likelihood of a widespread recession is not high - not least because the Bundesbank still has considerable scope for cutting German interest rates.

That leaves a third, more probable, hurdle: political jitters. Given New Labour's emollient towards business, investors' aversion to a change of government is not the biggest worry. More likely is that both parties will outbid one another with promises of personal tax cuts, while shoving more of the burden on to the shoulders of companies and shareholders. For example, asks Mr Paul Walton of Goldman Sachs, is Labour's promise of a 10p rate of advance corporation tax? If so, the tax-exempt funds would lose some of the tax rebates on dividends currently paid to them by the treasury.

It was, of course, the Conservatives who discovered the wheeze of adjusting the rate of ACT. Next Tuesday's Budget may offer further pointers as to whether the corporate sector and its investors will be asked - by politicians of all shades of opinion - to shoulder the burden of the battle to reduce personal tax rates.

If these fears start to look realistic, investors' portfolios may start to tilt away from their historically overwhelming reliance on equities and back towards gilts. For the market - and the chancellor of the exchequer - this issue may turn out to be more important than fine calculations of how long the current slowdown will last.

LE SERVICE PUBLIC
LE STATUT, LES RE

Jacques Chirac and Alain Juppé will have to pull together if France's unpopular programme of reforms is to succeed, says David Buchan

The politics of public protest

Every time the French take to the streets in large numbers, as they did yesterday and will do again next week to protest against the government's far-reaching welfare reforms, the question arises: can any French government succeed in imposing an austerity programme without widespread disruption?

Discontent with the conservative government of Mr Alain Juppé, prime minister since May, has been building for some time. Last month saw a minor riot in Bordeaux, where Mr Juppé is also mayor, by shopkeepers complaining about the level of state pension contributions.

At universities, students have started sit-ins and protests at the lack of teachers. And yesterday almost the entire 180,000 workforce of the SNCF rail system stopped work in protest at planned cuts and productivity measures.

This, together with an air traffic controllers' stoppage, meant that yesterday's public-sector strike hit deeply. It was in protest at a plan to extend the length of civil-servant pension contributions from 37½ years to the 40-year period now required of the private sector.

Part of Mr Juppé's problem is that too much of the pain was perceived to be loaded on to the poor. By the time we went on television last Sunday he had realised this. He stressed that nothing further would be asked of the 5m households and 6m pensioners below the income tax

threshold, or of the 2.4m poorer unemployed who draw small sums of dole money. But the damage had by then been done.

Overall, 64 per cent of the French believe his package to be "unfair", according to a poll by the CSA institute on Thursday.

Although the opposition from some trade unions has been fierce, one of the few pieces of good news for Mr Juppé is that the movement is not united in its approach to the welfare reforms. Force Ouvrière, one large union federation, is predictably furious about the reforms, which threaten its vested interest in running the health insurance system in conjunction with the employers.

So keen is FO to make its anger known that it has called a separate general strike next Tuesday. But Mrs Nicole Notat, the secretary-general of the CFDT union federation, has publicly welcomed the changes in the health insurance system. This earned her boos and jeers from some of her members at a meeting on Wednesday.

Mrs Notat, who has been trying to steer her federation towards a more moderate line, complained that many trade unionists were showing a kneejerk reaction. She says: "When in Germany the central DGB federation negotiates with a conservative government on the future of the health system, no one raises the

question of treason. When in Italy the three unions negotiate pension reform with a centre-right government, no one dares say this is abnormal."

Also under fire Mr Claude Evin, a Socialist former health minister, who was quick to praise Mr Juppé. However, he was brought to heel by Mr Lionel Jospin, the party leader. The Socialists have now produced an official reaction which broadly condemns the Juppé reforms for accentuating injustices in the funding of French welfare, although it also appears to endorse the notion of longer pension contributions.

The welfare issue is causing the left wing of the Socialist party to re-think its earlier welcome for Maastricht. Mr Julien Dray, a left-wing Socialist MP, told the National Assembly last week: "If the fight against these claims deficits stems from the Maastricht convergence criteria, if the French health system is to be hounded under the purview of Mr Theo Waigel [the German finance minister], then I say that tomorrow or the day after tomorrow our citizens will rightly say they have had enough of this European construction."

If the welfare debate is being forced back on to traditional left-right lines, the Juppé government, controlling 480 per cent of the National Assembly, has more than enough troops to carry the social security changes. But Mr Juppé has chosen to do it mainly by a series of

decrees, planned for approval by parliament by next spring, largely for reasons of speed.

For Mr Juppé lacks not only popularity but time. The next parliamentary elections must be held by March 1998, giving him only about 18 months to force through some heavily contested reforms; after that he must move his government into electoral mode if the opposition Socialists are not to recoup their massive losses in 1993.

Nor can he easily duck some of the ancillary issues. Restructuring at SNCF, the railway operator, is desperately needed to stem its annual FF12bn deficit. The plan to remove the civil-servant status of France Télécom's recalcitrant workforce must go through before the January 1998 start of European liberalisation.

Mr Chirac is supporting Mr Juppé, but operating on a quite different timetable. He still has more than six years in the Elysée, and wants to spend time in policy areas that fall more directly into his presidential domain, such as defence.

Big budget savings are possible. France's defence spending is still a mere 4 per cent below its cold war peak. A defence review is underway, and sometime next year Mr Chirac will make known its result.

The leisurely pace of this review is, however, denying Mr Juppé a margin of manoeuvre he urgently needs. Reducing France's public deficits, which Mr Chirac has said is his highest priority, requires action on all fronts - the welfare system, the budget, even subsidies to SNCF.

Change can be carried out in the face of the country's innate conservatism, of the desire of many French to see others foot the necessary bill, and of angry opposition from unions with a vested interest in the status quo. But if ever there was a time for France's president and prime minister to pull together to achieve this, it is now.

Social security deficit

FFbn	1995	1996	1997	1998 (est)
Health insurance	27.6	31.6	36.4	12.3
Pensions	38.0	42.8	47.7	1.0
Family allowances	410.7	10.4	13.3	4.8
Total	366.3	54.8	64.4	18.1

Source: prime minister's office

1993 surplus on family allowances; all other figures are deficit

LETTERS TO THE EDITOR

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We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to "fine"). e-mail: letters.editor@ft.com Translation may be available for letters written in the main international languages.

Short route to spirituality

From Mr Alistair Budd.

Sir, I note that *God in All Worlds: An Anthology of Contemporary Spiritual Writing*, reviewed in your November 18/19 edition (Books: "The many manifestations of the divine"), runs to an impressive 877 pages.

However, the search for spirituality might be satisfied more readily (and more substantially) by a study of the Gospels which, in some edition of the King James version of the Bible, comprise just 170 pages.

Alistair Budd,
20 rue du Nord,
CH-1180 Rolle,
Switzerland

New Canada referendum ruled out until 1998

From Mr Richard Guay.

Sir, In your article "Bouchard to take over as Quebec PM" (November 22) which dealt with Mr Lucien Bouchard's decision to become prime minister of Quebec, it was stated that any further referendum on the independence of Quebec "would not be before April 1997".

This is incorrect. In answer to a specific question on the subject, Mr Bouchard stated that the provision in the Quebec referendum act that forbids a second referendum on the same subject during the life of a given legislature would not be amended.

Thus, any future referendum on

the sovereignty of Quebec could not be held before a general election. This election would normally take place in 1998 or 1999.

It is important that April 1997 be dispelled as the date when a new referendum might be held in Quebec.

Mr Bouchard has stated that, until the next election, the energies of his government will be devoted to "the restructuring of public finance".

Richard Guay,
agent general,
Quebec Government Office,
59 Pall Mall,
London SW1Y 5JH,
UK

Executives must act as directors

From Mr John A. Chadley.

Sir, The first sentence of the Lex column piece on UK corporate governance (November 23) gives a clue to one of the principal problems of boardrooms. It is not the role of the non-executives that is in doubt but that of the executive directors.

Executive directors must understand that the minute they cross the threshold of the boardroom they cease to be executives, they become directors. They cease to be advocates, they become judges.

All directors have the same role and the same collective responsibility and the only difference between an executive and a non-executive director is the information base he brings to the boardroom.

Thus the executive directors were just as guilty of dithering at Cable and Wireless (in fact, probably more so since they presumably were more aware of the situation).

The fact that in their executive roles they were beholden to one or other of the warring parties does not relieve them from their obligation to the shareholders.

The fact that a chief executive can make life unpleasant for an executive director who stands up to him is one more reason for directors to have a professional body to define standards and support those who live up to them.

John A. Chadley,
Triplicious 4,
Napfium 21100,
Greece

Evidence shows UK better off outside Emu

From Mr Rodney Leach.

Sir, It is sad that you give such prominence to the letter of Mr John Szemerey (November 22), who repeats every discredited canard about monetary union.

If there was anything in the argument that the City of London must transact international business in its own currency in order to prosper, then the City would have declined when the sterling area collapsed. But in fact the opposite happened. The City's share of foreign exchange and other international financial services grew immensely.

As for the argument that external investment in the UK would be reduced if Britain stays outside Emu, has Mr Szemerey not noticed that German industry is seeking low cost areas for its new

investments and for the first time is exporting capital out of Germany? Or that investment into the UK has soared during a prolonged period of relatively weak currency? Again, the facts prove the opposite of his assertion.

Independent observers, like the Bundesbank and the Fed, believe that on balance the UK would be better off outside Emu. This is partly for the above reasons and partly because of the concept of the "optimal currency zone". Countries which need an identical policy response to economic shocks can benefit from monetary union. But the UK will often need to respond differently from Germany, since its trading and investment patterns, financial structure, energy sources and pension systems (to name but four elements) are so different. Five

times as much British trade is done in dollars as in the currencies of the Franc/Mark zone combined. It is therefore to the benefit of the UK and of Germany that the two countries should have separate currencies, to enable each to respond flexibly to economic change.

This is not a case of "keeping a few Eurosceptics happy". It is a case of drawing logical conclusions from a large body of rigorous credentials, much of which emanates from the Bundesbank itself, an organisation which I imagine even Mr Szemerey would not wish to dispute.

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مكتبة الجليل

Men in the News • Gerry Robinson and Sir Rocco Forte

Carpenter's son versus milk bar kid

Raymond Snoddy and Scheherazade Daneshkhu examine the management style of the rivals



The protagonists in the dramatic corporate battle for the future of Forte, the hotels and catering group, could hardly be more different in background, career, managerial approach and personality.

On the one side is Gerry Robinson, the chief executive of Granada, who is about to become chairman of the television and leisure group. He is open, informal, not pompous and a man who laughs uproariously and indiscriminately at jokes that are good and bad - his own as well as everyone else's.

"Gerry got more laughs at the analysts' meeting on Forte than all the other companies put together over the year," says one industry analyst, who nevertheless

recognises the seriousness behind Robinson's smiles.

On the other is Sir Rocco Forte, chairman of Forte and the only son of Lord Forte, the founder of the catering and hotel empire. Reserved, proper, formal and courteous, he is not a man to leave analysts in stitches.

The two men have met competitively only once before - on the golf course with Sir Rocco's brother-in-law Michael Alan-Buckley. The Forte brother-in-law came first, Sir Rocco second and Gerry Robinson a poor third.

If anyone thinks my bid is based on losing at golf, I'd have bid for half the country by now," says Robinson, the ninth of 10 children of an Irish carpenter who moved from Donegal to England in search of work.

Robinson, 48, was educated at Duffrynagh school, a two-teacher school serving a 150-strong community on a headland in Donegal. Thinking he had a vocation for the priesthood, he moved on to St Mary's College, Castlehead, Lancashire, a Catholic seminary.

Despite gaining eight O-levels and four A-levels - straight A grades - Robinson decided against university. The decision was taken partly because of lack of money at home, but also because he feared university would be another institution like the seminary, and he had had enough of that.

"I went along to the youth employment office and took the first job offered - a cost clerk at Lesney Products," says Robinson, adding that he liked everything about the job, particularly the fact that the toy-making company employed 3,500 women.

His experience at Lesney, where he qualified as an accountant through day release courses and correspondence learn-

ing, has marked his management style to this day. "You got straight to the heart of what the business was all about. There was no layer upon layer of management. I saw simplistically what business was about," says Robinson.

"I thought then business was about making a product that people wanted to buy at a price you could make money out of and my views haven't changed all that much since," he adds.

He moved to Lex, the distribution company - he says, because his Mini was clapped out, he had no money and they were offering a company car.

Later Robinson was brought in to clear up what he describes as "a total mess" in the finance department of a subsidiary of Grand Metropolitan, following the takeover of another soft drinks company.

"We took a year and a bit to sort it out and I enjoyed the fact we did the whole turnaround with exactly the same people," says Robinson. He clarified tasks, set priorities and created monitoring systems to ensure that the planned changes were actually happening.

His management style at Granada, where he is now responsible for 45,000 people, is much the same. He gets in between 9am and 10am, does not scurry about, and likes to head for home around 5.30pm to help put his second family - a daughter aged 4½ and son 1½ - to bed.

The pattern was unchanged even on Thursday when Robinson launched the hostile bid for Forte and carried out the annual review of company performance with top management following the publication of Granada's annual results. He still left work at 5.30pm, returning to his large house with the indoor swimming pool in Holland Park. He takes all his holidays and time off and gets back to his native Donegal, where he has a

cottage, half a dozen times a year.

"If you take a dozen decisions a year - and the decision to bid for Forte would certainly be one of those - that's about it. And probably six of those decisions are about making sure you have the right people," says Robinson. He manages through his divisional heads and never goes over their heads. But he also jumps heavily on anyone daring to write any "arse-covering memos".

However, he is quick to act if a divisional head is not making the grade - that person is replaced. Robinson believes it would "towards kindness" to do otherwise, since the consequences might be to put other people's jobs in jeopardy.

He takes a similar approach when jobs have to be cut - as they usually do when Robinson and Charles Allen, his close associate and Granada's chief executive designate, take over a company. Cutting unsustainable jobs is "the kindest and most sympathetic route for the majority of employees". After the cuts come the possibility of growth and the creation of a larger number of permanent jobs.

One of his first steps if the bid for Forte is successful will be to prune the company's grey and black headquarters at High Holborn. Some 300 staff work there, compared with just 23 at Granada's head office in Golden Square, in London's Soho.

Robinson's description of Forte's head office as "bloated" draws indignation from Sir Rocco, who points out that less than half the 300 staff are involved in corporate affairs, directing a company which employs 50,000 people.

For Sir Rocco, that business has been his life. He even spent school holidays working in various of the company's businesses, as a waiter at the Café Royal, on

snack bar counters and at reception in various hotels.

When he was born in January 1945, his father owned five milk bars in London and had yet to build up his hotel empire which began with the acquisition of the Waldorf hotel in London in 1958. Lord Forte always wanted his only son to follow him into the family business.

Sir Rocco went to school at Downside where he took 13 O-levels and 2 A-levels in Italian and French. He studied modern languages at Pembroke College, Oxford, where he gained a fourth, an honours degree which no longer exists.

After qualifying as a chartered accountant, he joined Forte and was appointed to the board in 1973 as personnel director. He became chief executive in 1982, but had to wait a decade before his father retired before also becoming chairman.

"When his father was there, he controlled the board and there was little that Rocco could do," says one observer. "Rocco's done a terrific job or sorting out the company and restructuring the management but it's unfinished."

That job has been one of turning what Sir Rocco describes as a conglomerate into a business concentrated on hotels and restaurants. Disposals included Gardner Merchant, the catering group, in 1992 for which Sir Rocco says he got £100m more than Robinson was then offering to pay. Alpha Airports was spun off and the Harvester chain of pub restaurants sold to Bass earlier this year for £165m.

Forte has been criticised for being too centralised but "the idea that I take all the decisions is nonsense," says Sir Rocco. "It's not the sort of business in which one person can make all the decisions."

One former executive agrees. "He's reduced layers of management and installed more direct lines of communica-



tion but once the budgets are determined, the individual managers are left to get on with it."

Unlike Robinson, Sir Rocco has the reputation of a workaholic. "It's a nightmare for the rest of us," says one person in head office. He arrives at 8.30am and works 12-hour days regularly. "I believe in working a six- or seven-day week," Sir Rocco says. "I like shooting and I occasionally take a day off because I don't take much holiday."

As for Robinson's bid, "he's two years too late," says Sir Rocco. "If he's made his criticisms two years ago, he'd have been justified. We've outperformed him in the last two years; give me another two years and he'll see a very clean pair of heels."

Restaurants serve up a nasty surprise

A private member's bill seeks to end the uncertainty over service charges, says Nicholas Lander

It takes more than a simple mathematical calculation to work out the bill at a typical UK restaurant. The prices on the menu are often not inclusive of all charges.

Some levy a cover charge - typically £1 or £2 - for each diner. Some automatically add a service charge of 10 per cent, 12.5 per cent or even 15 per cent of the bill. Others leave it to the customer to tip the waiter. Some attempt to tip away with all three.

But a private member's bill introduced in the House of Lords this week by the Earl of Bradford, himself a restaurateur, would stamp out such vagueness and imprecision and guarantee no surprises at the end of a meal.

The bill seeks to ban cover charges except for entertainment. It would require menus to quote fully inclusive prices. And it would end the practice of presenting incomplete credit card slips to customers in the hope that they will add a tip to a payment that already includes a service charge.

"Restaurant service charges are an unjustified anomaly," says Ms Helen Parker, editor of Which?, the magazine published by the Consumers' Association which backs the measure.

Under the present system, even principled restaurateurs are reluctant to quote menu prices inclusive of service because they will appear more expensive than competitors whose prices exclude it. Lord Bradford's bill would make it easier for customers to compare restaurants on quality and value-for-money because extra costs would be more difficult to hide.

Another supporter of the measure is the British Tourist Authority, which estimates that tourists spent £2m eating out in the UK last year. According to Ms Sue Garland, the organisation's head of policy: "Everybody going into a restaurant - but particularly tourists - needs to know in advance what it is going to cost."

The practice in UK restaurants is in marked contrast to that in US and French restaurants, and is a common source of confusion for visitors.

In the US, service charges are rare and waiters live on their tips. Most are paid only the statutory minimum wage and expect a tip of at least 15 per cent - with 20 per cent often left in tip both the waiter and their "captain" or maitre d'.

The US Internal Revenue Service taxes waiters on their tips by adding 8 per cent of the value of the bills they have written to their tax bill. Once

social security contributions are taken into account, waiters' pay-packets can be literally empty.

In France - as in many other European countries - restaurant bills include a service charge of 15 per cent. Waiters are paid either a fixed salary or an amount based on service charges levied. Tips are pooled into a 'fonds' and divided between the waiters under a points system based on seniority and length of service. A Parisian waiter on a salary typically receives FFrs,634 (£740) a month for 195 hours work, plus a transport allowance and a share of tips.

In the UK, only hotel dining rooms and the upmarket restaurants follow the French example and include a 12.5 per cent or 15 per cent service charge in their prices. Otherwise, the norm is for prices to be quoted excluding service. Restaurants generally offer a basic wage of £15 per eight-hour shift and allow staff to share tips which can come to another £20 or £25 per shift. This adds up to an average gross wage of £370 for a 60-hour week.

In the absence of legislation or self-regulation, this system can easily be abused. Waiters ask for additional cash tips, saying that the restaurant keeps the service indicated on the bill. Customers can be duped into paying service twice by the practice of leaving credit card slips incomplete.

Increasingly, too, restaurateurs who add service charges automatically to bills tell customers that service is optional. If such charges are "optional", the restaurant does not have to pay value-added tax or National Insurance on them.

Lord Bradford's bill would outlaw such practices, but it will need government support if it is to become law. Ministers were conspicuously silent last year when Mr Michael Fabricant, Conservative MP for Mid Staffordshire, tried unsuccessfully to introduce a similar bill in the House of Commons.

The Department of Trade and Industry is still studying the bill. Mr Jonathan Evans, consumer affairs minister, is meeting Lord Bradford early next month to discuss it.

But it is likely to encounter stiff opposition from restaurateurs on the grounds that including service charges in prices would appear to raise the price of a meal out.

Ironically, the bill's greatest asset may be its timing: with its second reading set for January 10, restaurateurs may be too preoccupied with Christmas and New Year celebrations to mount an effective lobbying effort.

Telecoms giant rings the changes

Alan Cane examines the task facing Peter Bonfield in his new job as head of BT

Mr Peter Bonfield, named yesterday as chief executive of British Telecom, is broadly when asked about his relationship with Mr Don Cruickshank, the UK's telecoms watchdog, whom he knows slightly. "Well, it's been all right up to now."

His answer acknowledges the tensions that have arisen between BT and the industry regulator as both sides have sought to form an equitable regulatory regime in the UK.

Some speculated yesterday that the brisk, entrepreneurial Mr Bonfield might find it easier to come to an accord with Mr Cruickshank, a fellow entrepreneur, than Mr Michael Hephner, BT's outgoing group managing director who is returning to a career in financial services.

The fine, often tedious detail of regulation, however, is only one of a number of areas in telecoms that Mr Bonfield - currently chairman and chief executive at ICL, the UK computer company owned by Fujitsu of Japan - will have to master in short order as he takes the reins at the UK's largest telecoms company.

BT is facing more change over the next few years than at any time since the early 1980s, when it was privatised and the process of telecoms liberalisation in the UK started.

The principal challenges are: ● Negotiating with the regulator to settle the terms of BT's operating licence and the broader outlines of the regulatory environment. Issues include the formula for the "cap" which regulates BT's prices, the extent to which the regulator should be able to seek out and punish anti-competitive behaviour and the question of who pays so that everybody can retain their telephone number for life.

● Developing a strategy of partnerships and alliances designed to enable BT to emerge as Europe's dominant telecoms operator in the turn of the century. BT has already sealed important alliances in Germany, Spain, Sweden and Italy, ready to take advantage of the freeing up of the Europe voice telephony market in 1998.

● Boosting profits and the share price at home against a background of competition from more than 150 rivals including the increasingly aggressive cable television companies. Allowed to offer voice telephony, they are now cutting into BT's profits.

● Exploiting new technologies, which promise an array of services including video-on-demand, videoteleconferencing, virtual private networks and on-line information.

All this would be a tall order for anyone, especially without a background in telecoms, but Mr Bonfield comes to BT with a powerful reputation as a manager and strategist. "He is exactly the right man for the job," says Mr Simon Carrington, telecoms analyst at Merrill Lynch, the securities house. "He is one of the most credible managers in the UK," says Mr Laurence Heyworth, telecoms analyst at Flemings Research.

An electronics engineer by training, his early career was with Texas Instruments, the US electronics company. Appointed chief executive of ICL in the early 1980s when the UK company was in dire straits, he worked with chairman Mr Robb Wilmot, another Texas Instruments alumnus. Together they secured the company's technological and commercial future by focusing on key markets, cutting costs and developing a closer relationship with Fujitsu.

ICL was one of the first computer



Reason to be cheerful: Peter Bonfield, appointed BT chief executive

companies to understand the importance of "downsizing", cutting staff numbers and overheads to match increasingly narrow profit margins. As a consequence, it has been the only large European-based computer company to remain profitable over the past five years.

Mr Bonfield is informal in manner, direct in speech and popular with both ICL executives and the workforce. He is highly regarded by Fujitsu. Mr Michio Naruto, Fujitsu board member for international operations, attended yesterday's announcements to make it plain that Mr Bonfield's move was with the company's blessing. Mr Bonfield says Fujitsu chairman Mr Takuma Yamamoto was one of the first people he

consulted over his potential move.

In his new role, Mr Bonfield will work closely with Sir Iain Vallance, BT chairman and chief executive for the past nine years. Sir Iain, who remains executive chairman, says it was right to combine the two roles in BT's days as a private company in a competitive market, when a strong lead from the top was essential. Now the picture has changed.

"I see this as a second chapter in BT's development," he says. "Peter Bonfield will have the prime role, but he will have me as a sounding board."

There will be concerns about Sir Iain's role as executive chairman, however. What is there to prevent a repetition of the bizarre events seen at Cable and Wireless, the UK's second

largest telecoms company, which earlier this week showed both its chairman and chief executive at the door after failing to resolve a battle for control of the company?

Sir Iain says: "First, there is absolute clarity about who is top dog in an executive sense and that is Peter. We have complementary skills; I have known him both socially and professionally since the 1980s so we know we get on." He adds that neither man has the kind of ego that would lead to a clash of personalities.

Sir Iain's role after Mr Bonfield takes over on January 1 will be to chair board meeting and various committees of the board. He will not chair either the remuneration or the audit committee, however.

He will be responsible for the reputation of the group, both nationally and internationally, and will act as a "bridge" between Mr Bonfield and the board. He will also monitor the performance of BT executives and maintain relationships with shareholders and financial institutions.

Mr Bonfield says he will encourage Sir Iain to make available his experience in, for example, dealing with the regulator. "It has to be clear who is in charge in an executive sense, however, and that is me. We could not have made that clearer today."

Mr Bonfield pays tribute to Sir Iain and his fellow executives who, he says, have done an exceptionally good job in establishing BT as a company that is internationally admired.

He would be happy if he could achieve the same, but says it is hard to set criteria by which he will be able to measure his success: share price and profitability are important indicators but the commercial situation will be fraught with uncertainties while the regulatory umbrella remains to be decided.

After the war, the dilemmas of peace

The Bosnian agreement poses tough questions for Sarajevo's inhabitants, says Harriet Martin

For Lejla Alibegovic, a 21-year-old Muslim living in Sarajevo, the Bosnian peace agreement, initiated in Dayton, Ohio, on November 21, is a welcome end to four terrible years. But it also poses a difficult question: will she be able to return to her home in the suburb of Grbavica, now held by the Serbs?

Under the Dayton agreement the area around Sarajevo, including Grbavica, a grimy ghost town of blown-out tower blocks and sniper screens, returns to government control. Lejla could soon go home.

"I don't know quite what to feel," she says. "I never expected I could ever go back. I'm very confused. I think if the Serbs there don't first leave I would be too scared to return."

Others among the city's 100,000 refugees do not even have the luxury of this dilemma: they know they will never be able to return home. Hasan Fisovic, a 61-year-old Muslim, used to be a farmer with 100 acres of land near the town of Foca, in eastern Bosnia, which, under the Dayton agreement, will remain in Serb hands. He is now employed by the Sarajevo city council as a road sweeper.

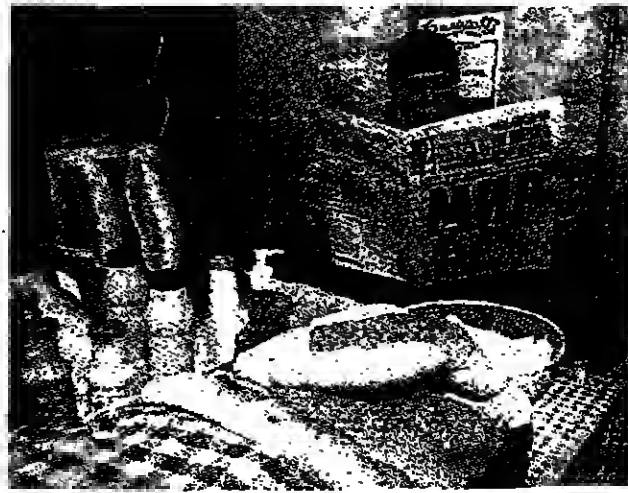
Standing in the gutter, sandwiched between traffic and a crowded pavement, he leans on his broom of bound twigs. "Although there is peace, I now know my life will never change," he says. "I can never go home."

Mr Fisovic lives with his wife and 15-year-old daughter in one room of a house abandoned by a Serb family. "I had been completely locked by the time we moved in. There was no glass in the windows so I had to put up plastic sheeting. It's freezing. There's no electricity or gas. We live in one room where there is a wood stove."

He quickly adds: "I can't afford firewood. It's DM75 (£63.90) per cubic metre. So we burn rubbish and clothes. Whatever we can find."

Mr Fisovic earns DM30 a month from sweeping the streets. This is a relatively good income compared with many Sarajevoans - the average government employee earns around DM10 a month. But it is still not enough to live on. "I can't even afford to buy bread every day on my pay," he says.

"Every two weeks we get a bit of rice and maybe some beans from humanitarian aid but it goes nowhere."



Life in Sarajevo: a hot dog seller reads a paper headlined 'Peace'

About 80 per cent of Sarajevo's population is wholly or partly dependent on food handouts from the UN high commissioner for refugees, collected twice a month from neighbourhood distribution points. They consist of meagre quantities of flour, rice, macaroni, beans, salt, sugar and oil.

Since the Nato air strikes in September, life in Sarajevo has improved, however. Electricity, which had been off for five

months, is now rationed to 4kW per day, per household. This allows for a few lights, a television set and a washing machine, although the use of storage heaters is banned. Gas - to those connected - is available every two days. Most households get water for two hours every second day.

It is now safe to walk in the streets. The trams are working. And for the first time in months the city is re-acclimating to traffic lights and traffic jams.

Commercial trucks are allowed to cross from Mount Igman over the UN-controlled airport. This has resulted in prices for everyday goods coming down dramatically: petrol is DM1 per litre (it used to be DM10); a kilo of potatoes has fallen from DM6 to DM1; and tangerines, previously unavailable, cost DM2 per kilo.

When implemented, the peace agreement will lift the siege of Sarajevo by returning to the government the swathes of Serb-held territory that separate the capital from the rest of the land under Bosnian government control. Until that happens, most of the city's population remains trapped.

Although the UN now daily escorts a civilian bus across Serb-held territory to central Bosnia, few are able to get government permission to leave, and fewer still can afford the DM30 the journey costs.

Even when the repairs have been done and the buildings reconstructed, the lasting mark of the war in Sarajevo will be the way it turned every park, every football pitch and every open space into a graveyard. In all, 11,000 people have

been killed in the city since 1992.

Mrs Amira Kapicazovic, 47, says that this is what came to mind when she heard about peace. "My family were unscathed. I am very grateful. It is my friends and my neighbours in the graveyards that I can't stop thinking about."

Srecko, 45, who did not want to give his surname, used to be an economist before the war with a local publishing company. Standing in the icy November sunshine, wrapped in a sheepskin coat, he now sells secondhand books from a stall in the pedestrian precinct in the city centre.

His random mix of books - *Teach Yourself Italian*, *Your Baby and You*, *The History of Walt Disney* - is not cheap; titles cost between DM5 and DM20 each. But people somehow find the money to buy them. Srecko is dependent on the sales. "If I didn't sell these books, my family could not survive. It is our only source of income."

Like many Sarajevoans, he is uncertain as to what peace will really mean. "I am afraid of the future," he says. "I just wish things were normal again. Maybe in 10 years or so they will be."

CURRENCIES AND MONEY

MARKETS REPORT

Pound firm

By Philip Gawth

Foreign exchanges yesterday slouched into the weekend with traders unable to shake off the torpor that has gripped them in recent days.

The tone for the markets was established in the US where the combination of the Thanksgiving long weekend and the unresolved Budget dispute was sufficient to kill off any trading enthusiasm.

The dollar finished slightly firmer in London at DM1.4185, from DM1.4180. Against the yen it closed at ¥101.345, from ¥100.655.

Starting had a fairly steady day, finishing at DM2.2105, from DM2.2093. Against the dollar it closed at \$1.5608, from \$1.5629.

In Europe the D-Mark lost ground against most currencies, including the French franc despite a 24 hour public sector strike. It closed at FF3.440, from FF3.445. Weak

German cost of living data were seen as lending further weight to the argument that an easing of monetary policy may be appropriate.

The big winner was the Swedish krona which continued its recent advance to finish at a 21 month high against the D-Mark, of SKr4.595. Two months ago it was trading at SKr4.55.

With markets devoid of any

Pound in New York

Nov 24
Nov 23
Nov 22
Nov 21
Nov 20

notable activity, strategists have been forced to wonder where the next move may come from.

Mr Paul Chertkow, head of global currency research at

UBS in London, said the interesting question was "whether Christmas has already

occurred, or whether we will have one more swing at the currency markets."

He predicted that December could turn out to be a busy month, revolving around whether or not a budget deal was reached in the US.

Mr Chertkow said he did not believe a budget deal was priced into the currency markets, although bond and equity markets appeared to be rallying on the expectation of a cut in interest rates at the December 19 FOMC meeting, following a successful budget deal.

Mr Chertkow said if a budget deal was not struck, he believed that hedge funds who had bought US treasuries with a high cost of carry might start liquidating their positions.

"This could cause pressure on the dollar that will be an obstacle to Japanese investors entering the Treasury market in the New Year," he said.

Another issue the strategists are having to ponder is whether the pattern of the last two years will be repeated, with the dollar rallying in the fourth quarter, only to come a

cropper in the first quarter.

Apparently senior Japanese Ministry of Finance officials have been casting around for some way in which they might arrest this pattern.

The lack of movement in the major currencies may be a reason why currencies like the Swedish krona and peseta have performed well recently.

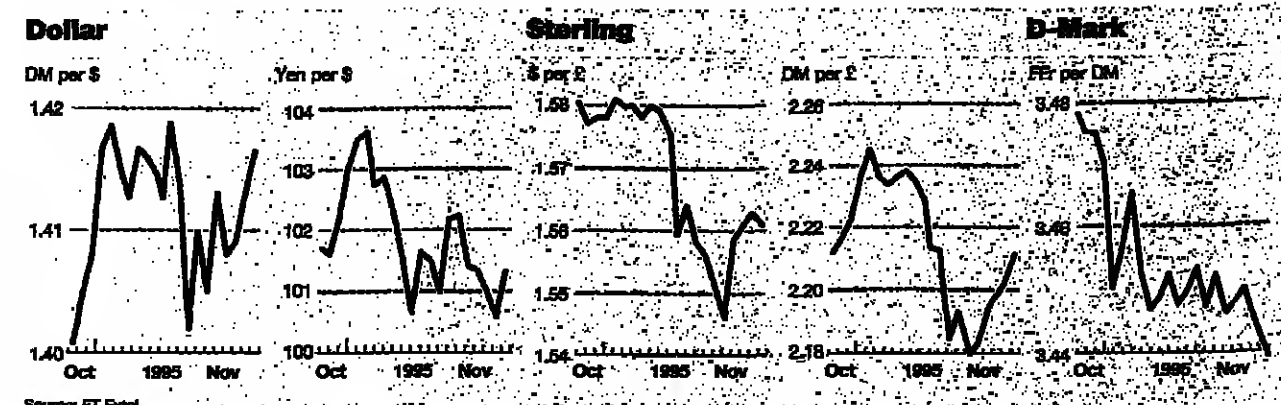
Mr Tony Norfield, UK treasury economist at ABN AMRO in London, said that in these circumstances of increased currency risk, investors were able

to focus more on yield.

This has in turn optimism on budget policies to give high-yielders something of a boost," he said.

Starting rallied all week long as market sentiment shifted towards the view that the budget on Tuesday would probably be a more sensible affair than had originally been expected.

The Bank of England cleared a \$1.05bn money market shortage in its daily operations. Three month LIBOR eased to 6 1/2 per cent, from 6 3/4 per cent.



Source: FT Data

WORLD INTEREST RATES

MONEY RATES									
	Over night	One month	Three months	Six months	One year	Long term	Dis. rate	Repo rate	
Belgium	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	6.00	3.50		
France	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	6.00	3.50		
Germany	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	6.00	3.50		
Italy	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	6.00	3.50		
Netherlands	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	6.00	3.50		
Spain	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	6.00	3.50		
Sweden	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	6.00	3.50		
Switzerland	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	6.00	3.50		
UK	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	6.00	3.50		
US	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	6.00	3.50		
Japan	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	6.00	3.50		

3 MONTH LIBOR FT London									
	Over night	One month	Three months	Six months	One year	Long term	Dis. rate	Repo rate	
Nov 24	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	6.00	3.50		
Nov 23	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	6.00	3.50		
Nov 22	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	6.00	3.50		
Nov 21	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	6.00	3.50		
Nov 20	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	6.00	3.50		

LIBOR is the London Interbank Offered Rate. The rates are for the period 11am to 12pm on the day of the transaction. The rates are for the period 11am to 12pm on the day of the transaction.

EURO CURRENCY INTEREST RATES

	Over night	One month	Three months	Six months	One year	Long term	Dis. rate	Repo rate	
Nov 24	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	6.00	3.50		
Nov 23	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	6.00	3.50		
Nov 22	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	6.00	3.50		
Nov 21	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	6.00	3.50		
Nov 20	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	6.00	3.50		

LIBOR is the London Interbank Offered Rate. The rates are for the period 11am to 12pm on the day of the transaction. The rates are for the period 11am to 12pm on the day of the transaction.

POUND SPOT FORWARD AGAINST THE POUND

	Nov 24	Closing mid-point	Change on day	Bid/offer spread	Day's high/low	One month %PA	Three months %PA	One year %PA	Bank of England
Europe									
Austria	(Sch)	15.5558	+0.0112	480 - 538	15.5790 15.5313	15.5254	2.3	15.4988	2.3
Belgium	(Bfr)	45.4811	-0.0088	222 - 280	45.5000 45.3380	45.3611	2.8	45.1891	2.8
Denmark	(DKr)	6.5618	-0.0053	557 - 579	6.5799 6.5396	6.5541	1.1	6.5370	1.1
Finland	(Fmk)	6.5617	-0.0021	861 - 873	6.5800 6.5400	6.5673	0.8	6.5783	0.8
France	(FFr)	7.0545	-0.0054	686 - 684	7.0725 7.0357	7.0511	0.5	7.0514	-0.5
Germany	(DM)	2.2108	-0.0015	688 - 718	2.2152 2.2058	2.2093	2.8	2.1993	2.8
Greece	(Dr)	364.533	-0.135	333 - 712	365.399 362.138				
Ireland	(Ir£)	0.6984	-0.0025	675 - 682	0.6972 0.6972	0.6976	1.8	0.6969	0.8
Italy	(Lira)	2.487.20	-1.55	618 - 618	2.491.61 2.482.83	2.494.85	-3.5	2.520.75	-3.5
Luxembourg	(Lfr)	45.4811	-0.0088	222 - 280	45.5000 45.3380	45.3611	2.8	45.1891	2.8
Netherlands	(Gld)	2.4759	-0.0017	745 - 773	2.4871 2.4686	2.4703	2.7	2.4639	2.7
Norway	(Nkr)	8.7911	-0.0022	570 - 581	8.7958 8.7903	8.7487	1.5	8.7289	1.5
Portugal	(Esc)	201.211	-0.037	188 - 432	202.791 200.534	201.261	-2.8	223.071	-3.0
Spain	(Pes)	169.278	-0.048	163 - 374	169.882 168.551	168.778	-3.2	160.118	-3.1
Sweden	(Skr)	10.1589	-0.054	832 - 872	10.2257 10.1448	10.159	-0.3	10.1636	-0.3
Switzerland	(Sfr)	1.7812	-0.0003	801 - 823	1.7850 1.7775	1.7741	4.8	1.7922	4.8
UK		1.2005	-0.0015	908 - 914	1.2029 1.1972	1.1995	1.0	1.1975	1.0
SDR†		1.04050							
Asia									
Argentina	(Piso)	1.5906	-0.002	801 - 810	1.5944 1.5997				
Brazil	(R)	1.5058	-0.0014	048 - 064	1.5112 1.5045				
Canada	(Cdn)	2.1134	-0.0028	125 - 143	2.1181 2.1118	2.1145	-0.0	2.1165	-0.0
Mexico	(New Pes)	11.9331	-0.0055	527 - 834	12.0151 11.8514				
USA	(D)	1.5908	-0.0021	604 - 812	1.5952 1.5859	1.5897	0.8	1.5970	0.7
Pacific/Middle East/Africa									
Australia	(A\$)	2.1154	-0.0018	141 - 158	2.1189 2.1097	2.1107	-0.7	2.1189	-0.8
Hong Kong	(Hk\$)	12.0720	-0.0158	681 - 709	12.0958 12.0589	12.0885	0.3	12.0885	0.3
India	(Rs)	54.4017	-0.0188	487 - 547	54.5390 54.3470				
Israel	(Nis)	4.7973	-0.0084	842 - 104	4.8202 4.7855				
Japan	(Yen)	158.178	-0.007	864 - 275	158.710 157.350	157.16	6.5	155.524	6.7
Malaysia	(M\$)	3.9078	-0.0022	824 - 834	3.9178 3.9050				
New Zealand	(NZ\$)	2.2862	-0.0013	833 - 871	2.4004 2.3932	2.4011	-3.0	2.4104	-2.5
Philippines	(Piso)	40.9008	-0.0459	747 - 289	41.0008 40.6740				
Saudi Arabia	(Riyal)	5.4751	-0.0178	747 - 289	5.4751 5.4751				
Singapore	(S\$)	2.2090	-0.0013	833 - 871	2.4004 2.3932	2.4011	-3.0	2.4104	-2.5
South Africa	(R)	5.7031	-0.0037	805 - 857	5.7148 5.7000				
South Korea	(Won)	120.022	-0.028	884 - 941	120.333 119.641				
Taiwan	(New T\$)	22.6153	-0.0089	989 - 317	22.7290 22.5982				
Thailand	(Baht)	38.2339	-0.0249	682 - 595	38.3090 38.2090				

† Rates for Nov 22. Bid/offer spread in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index related 1990 = 100. Offer and bid rates in both the Dollar Spot table and the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan indices Nov 22: Base average 1990=100

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Nov 24		Closing mid-point	Change on day	Bid/offer spread	Day's high low	One month %PA	Three months %PA	One year %PA	J.P. Morgan Index
Europe									
Austria	(Sch)	9.9688	+0.0023	641 - 680	9.9780 9.9580	9.9515	1.8	9.9514	1.8
Belgium	(Bfr)	28.1300	-0.001	100 - 300	28.1350 28.0950	28.099	1.7	28.071	1.4
Denmark	(DKr)	5.4855	-0.0008	800 - 880	5.4900 5.4800	5.4888	-0.2	5.482	0.8
Finland	(Fmk)	4.2233	-0.0042	208 - 268	4.2280 4.2120	4.2229	0.1	4.2216	0.1
France	(FFr)	4.8722	-0.0029	728 - 734	4.8775 4.8675	4.8709	0.4	4.8694	0.1
Germany	(DM)	1.4165	-0.0023	182 - 187	1.4180 1.4150	1.4145	1.7	1.4105	1.7
Greece	(Dr)	233.555	-0.02	500 - 610	234.300 232.800	233.58	-6.9	233.48	-7.8
Ireland	(Ir£)	1.8118	-0.0018	128 - 128	1.8140 1.8084	1.8110	-0.1	1.8115	-0.4
Italy	(L)	1.993.85	-1.11	320 - 440	1.995.00 1.992.00	1.993.85	-5.1	1.993.85	-4.8
Luxembourg	(Lfr)	28.1300	-0.001	100 - 300	28.1350 28.0950	28.099	1.7	28.071	1.4
Netherlands	(Gld)	1.8883	-0.0002	808 - 888	1.8908 1.8794	1.8837	2.0	1.8798	2.0
Norway	(Nkr)	8.7911	-0.0025	529 - 549	8.7958 8.7810	8.7487	1.5	8.7289	1.5
Portugal	(Esc)	146.500	-0.41	180 - 240	146.970 147.400	148.685	-3.8	148.675	-3.4
Spain	(Pes)	121.270	-0.018	240 - 300	121.400 120.900	121.88	-3.8	122.48	-3.4
Sweden	(Skr)	10.1589	-0.054	832 - 872	10.2257 10.1448	10.159	-0.3	10.1636	-0.3
Switzerland	(Sfr)	1.7812	-0.0018	408 - 414	1.7825 1.7799	1.779	3.8	1.7813	3.4
UK	(£)	1.2008	-0.0021	604 - 612	1.2029 1.1987	1.1987	0.8	1.1979	0.7
SDR†		0.89740	-0.0002	865 - 905	1.9331 1.9281	1.9304	-0.4	1.9311	-0.5
Asia									
Americas									
Argentina	(Piso)	0.9990	-0.002	801 - 810	0.9999 0.9999				
Brazil	(R\$)	0.9947	-0.0004	644 - 640	0.9957 0.9940				
Canada	(Cdn)	1.3941	-0.0002	598 - 543	1.3947 1.3934	1.3938	-1.5	1.3938	-1.4
Mexico	(New Pes)	7.7578	-0.0075	600 - 880	7.7640 7.7500	7.7578	-0.4	7.7578	-0.1
Pacific/Middle East/Africa									
Australia	(A\$)	2.1152	-0.0028	545 - 557	2.1275 2.1337	2.137	-0.2	2.1308	-1.3
Hong Kong	(Hk\$)	12.0732	-0.0158	681 - 709	12.0958 12.0589	12.0885	0.3	12.0885	0.3
India	(Rs)	54.4017	-0.0188	487 - 547	54.5390 54.3470				
Israel	(Nis)	4.7973	-0.0084	842 - 104	4.8202 4.7855				
Japan	(Yen)	158.178	-0.007	864 - 275	158.710 157.350	157.16	6.5	155.524	6.7
Malaysia	(M\$)	3.9078	-0.0022	824 - 834	3.9178 3.9050				
New Zealand									
South Africa	(Rand)	26.250	+0.003	925 - 180	26.2180 26.1980	2.582	-2.2	3.40	-1.7
Saudi Arabia	(Sfr)	8.7907	-0.0001	505 - 508	8.7910 8.7923	8.763	-0.2	8.7621	-0.1
Singapore	(S\$)	1.4127	-0.0001	122 - 132	1.4140 1.4120	1.4083	2.8	1.403	2.8
Taiwan	(Nt\$)	9.6819	-0.0001	100 - 100	9.6825 9.6814	9.6566	0.5	9.6566	0.5
South Korea	(Won)	768.850	-1.3	800 - 800	768.900 768.800	771.85	-4.7	775.35	-4.3
Taiwan	(Nt\$)	27.3936	-0.0005	000 - 000	27.3240 27.3920	27.3625	-0.9	27.3635	-0.8

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LONDON STOCK EXCHANGE

MARKET REPORT

Takeover speculation helps Footsie to rebound

By Philip Coggan, Markets Editor

Shares in London ended a volatile week on a positive note, with a spate of bid stories allowing the FT-SE 100 index to regain some of the ground lost on Thursday.

By the close, Footsie was 21.5 points ahead at 3,624.0, while the Mid-250 index finished 8.8 points higher at 3,942.8. Both indices made progress in spite of the brake applied by continuing declines in the power generators and distributors, after the surprise bid referrals announced on Thursday.

Keeping the speculative pot boiling, Alfred McAlpine, the construction company, said it had been approached with an all-paper share offer from rival Amec, which itself was the subject of a dawn raid from Norwegian group Kvaerner on Thursday.

Rumours swirled around Asda, which had been the second busiest stock option in Thursday's trading, and saw heavy option and share trading. As if to emphasise the over-enthusiasm of the market, there was also a rumour about a bid for Standard Chartered from CS Holding, a story denied by the Swiss bank.

Takeover speculation has been a driving force behind the market all year and Mr Tim Brown, UK market

strategist at UBS, said "you will get a continuation of bid rumours. There is near-certainty that a change of government will lead to a harsher climate in terms of bid referrals. There is also strong liquidity in the corporate sector."

Mr Murray Wilson, UK market strategist at NatWest Securities, said: "The bid stories make people less inclined to sell shares and investors are also taking the bad news on the economy and corporate earnings as a sign that the Chancellor can cut interest rates as well as taxes."

There have been a number of profits warnings this week but Mr Corey Miller, equity strategist at

SGST, says the loosening of monetary and fiscal policy will create a more encouraging environment for the corporate sector in 1996.

Hopes for lower rates across Europe, with signs of a slowing economy emerging in both France and Germany this week, gave a lift to stock markets across the Continent yesterday.

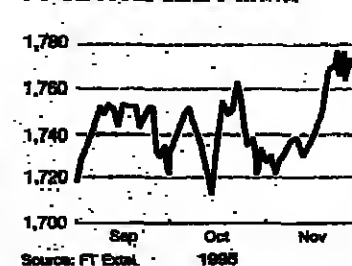
Footsie opened 6.8 points higher at 3,609.3 and bid rumours kept the pot bubbling in the morning, allowing the leading index to reach 3,627.8 just before 10.30am. In the afternoon, a solid opening on Wall Street gave Footsie another lift; by the close of London trading, the Dow Jones Industrial Average was

around 10 points ahead.

Glits were again a supportive influence on equities, with the yield on the benchmark 10 year issue falling to a 1995 low of 7.68 per cent. The yield has dropped by three-fifths of a percentage point over the last month, allowing shares to rise without sending the yield ratio into expensive-looking territory.

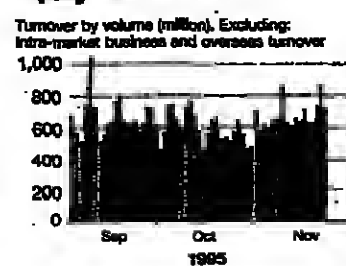
Trading volume declined slightly from the very buoyant levels recorded earlier this week, with 685.5m shares dealt by the 5pm count, just over half of which was in Footsie stocks. The value of customer business on Thursday was just under £1.9bn, after £2bn plus days on Tuesday and Wednesday.

FT-SE-A All-Share Index



Indices and ratios	FT-SE Mid 250	FT-SE-A 350	FT-SE-A All-Share	FT-SE-A All-Share yield	FT Ordinary index	FT-SE-A Non-Fin p/e	FT-SE 100 Fut Dec	10 yr Gilt yield	Long gilt/equity yield ratio
	3642.8	1797.5	1772.82	3.61	2654.8	16.58	3627.0	7.63	2.08
	+8.8	+9.2	+8.44	(3.83)	+15.8	(16.47)	+17.0	(7.68)	(2.07)

Equity shares traded



FT-SE 100 index	
+8.8	Closing index for Nov 24.....3624.0
+9.2	Change over week+14.6
8.44	Nov 233602.5
8.33	Nov 223632.4
15.6	Nov 213604.1
8.47	Nov 203628.6
17.0	High3639.5
7.66	Low3600.1
2.07	*Intra-day high and low for week

TRADING VOLUME IN MAJOR STOCKS

SP	Vol	Change	Day's	Vol	Vol
ASDA	354	+63	+2	ASDA	354
British Airways	2,200	+10	+1	British Airways	2,200
British Telecom	1,000	+2	+1	British Telecom	1,000
British Petroleum	1,000	+2	+1	British Petroleum	1,000
British Steel	1,000	+2	+1	British Steel	1,000
British Water	1,000	+2	+1	British Water	1,000
British Airways	1,000	+2	+1	British Airways	1,000
British Telecom	1,000	+2	+1	British Telecom	1,000
British Petroleum	1,000	+2	+1	British Petroleum	1,000
British Steel	1,000	+2	+1	British Steel	1,000
British Water	1,000	+2	+1	British Water	1,000
British Airways	1,000	+2	+1	British Airways	1,000
British Telecom	1,000	+2	+1	British Telecom	1,000
British Petroleum	1,000	+2	+1	British Petroleum	1,000
British Steel	1,000	+2	+1	British Steel	1,000
British Water	1,000	+2	+1	British Water	1,000
British Airways	1,000	+2	+1	British Airways	1,000
British Telecom	1,000	+2	+1	British Telecom	1,000
British Petroleum	1,000	+2	+1	British Petroleum	1,000
British Steel	1,000	+2	+1	British Steel	1,000
British Water	1,000	+2	+1	British Water	1,000
British Airways	1,000	+2	+1	British Airways	1,000
British Telecom	1,000	+2	+1	British Telecom	1,000
British Petroleum	1,000	+2	+1	British Petroleum	1,000
British Steel	1,000	+2	+1	British Steel	1,000
British Water	1,000	+2	+1	British Water	1,000
British Airways	1,000	+2	+1	British Airways	1,000
British Telecom	1,000	+2	+1	British Telecom	1,000
British Petroleum	1,000	+2	+1	British Petroleum	1,000
British Steel	1,000	+2	+1	British Steel	1,000
British Water	1,000	+2	+1	British Water	1,000
British Airways	1,000	+2	+1	British Airways	1,000
British Telecom	1,000	+2	+1	British Telecom	1,000
British Petroleum	1,000	+2	+1	British Petroleum	1,000
British Steel	1,000	+2	+1	British Steel	1,000
British Water	1,000	+2	+1	British Water	1,000
British Airways	1,000	+2	+1	British Airways	1,000
British Telecom	1,000	+2	+1	British Telecom	1,000
British Petroleum	1,000	+2	+1	British Petroleum	1,000
British Steel	1,000	+2	+1	British Steel	1,000
British Water	1,000	+2	+1	British Water	1,000
British Airways	1,000	+2	+1	British Airways	1,000
British Telecom	1,000	+2	+1	British Telecom	1,000
British Petroleum	1,000	+2	+1	British Petroleum	1,000
British Steel	1,000	+2	+1	British Steel	1,000
British Water	1,000	+2	+1	British Water	1,000
British Airways	1,000	+2	+1	British Airways	1,000
British Telecom	1,000	+2	+1	British Telecom	1,000
British Petroleum	1,000	+2	+1	British Petroleum	1,000
British Steel	1,000	+2	+1	British Steel	1,000
British Water	1,000	+2	+1	British Water	1,000
British Airways	1,000	+2	+1	British Airways	1,000
British Telecom	1,000	+2	+1	British Telecom	1,000
British Petroleum	1,000	+2	+1	British Petroleum	1,000
British Steel	1,000	+2	+1	British Steel	1,000
British Water	1,000	+2	+1	British Water	1,000
British Airways	1,000	+2	+1	British Airways	1,000
British Telecom	1,000	+2	+1	British Telecom	1,000
British Petroleum	1,000	+2	+1	British Petroleum	1,000
British Steel	1,000	+2	+1	British Steel	1,000
British Water	1,000	+2	+1	British Water	1,000
British Airways	1,000	+2	+1	British Airways	1,000
British Telecom	1,000	+2	+1	British Telecom	1,000
British Petroleum	1,000	+2	+1	British Petroleum	1,000
British Steel	1,000	+2	+1	British Steel	1,000
British Water	1,000	+2	+1	British Water	1,000
British Airways	1,000	+2	+1	British Airways	1,000
British Telecom	1,000	+2	+1	British Telecom	1,000
British Petroleum	1,000	+2	+1	British Petroleum	1,000
British Steel	1,000	+2	+1	British Steel	1,000
British Water	1,000	+2	+1	British Water	1,000
British Airways	1,000	+2	+1	British Airways	1,000
British Telecom	1,000	+2	+1	British Telecom	1,000
British Petroleum	1,000	+2	+1	British Petroleum	1,000
British Steel	1,000	+2	+1	British Steel	1,000
British Water	1,000	+2	+1	British Water	1,000
British Airways	1,000	+2	+1	British Airways	1,000
British Telecom	1,000	+2	+1	British Telecom	1,000
British Petroleum	1,000	+2	+1	British Petroleum	1,000
British Steel	1,000	+2	+1	British Steel	1,000
British Water	1,000	+2	+1	British Water	1,000
British Airways	1,000	+2	+1	British Airways	1,000
British Telecom	1,000	+2	+1	British Telecom	1,000
British Petroleum	1,000	+2	+1	British Petroleum	1,000
British Steel	1,000	+2	+1	British Steel	1,000
British Water	1,000	+2	+1	British Water	1,000
British Airways	1,000	+2	+1	British Airways	1,000
British Telecom	1,000	+2	+1	British Telecom	1,000
British Petroleum	1,000	+2	+1	British Petroleum	1,000
British Steel	1,000	+2	+1	British Steel	1,000
British Water	1,000	+2	+1	British Water	1,000
British Airways	1,000	+2	+1	British Airways	1,000
British Telecom	1,000	+2	+1	British Telecom	1,000
British Petroleum	1,000	+2	+1	British Petroleum	1,000
British Steel	1,000	+2	+1	British Steel	1,000
British Water	1,000	+2	+1	British Water	1,000
British Airways	1,000	+2	+1	British Airways	1,000
British Telecom	1,000	+2	+1	British Telecom	1,000
British Petroleum	1,000	+2	+1	British Petroleum	1,000
British Steel	1,000	+2	+1	British Steel	1,000
British Water	1,000	+2	+1	British Water	1,000
British Airways	1,000	+2	+1	British Airways	1,000
British Telecom	1,000	+2	+1	British Telecom	1,000
British Petroleum	1,000	+2	+1	British Petroleum	1,000
British Steel	1,000	+2	+1	British Steel	1,000
British Water	1,000	+2	+1	British Water	1,000
British Airways	1,000	+2	+1	British Airways	1,000
British Telecom	1,000	+2	+1	British Telecom	1,000
British Petroleum	1,000	+2	+1	British Petroleum	1,000
British Steel	1,000	+2	+1	British Steel	1,000
British Water	1,000	+2	+1	British Water	1,000
British Airways	1,000	+2	+1	British Airways	1,000
British Telecom	1,000	+2	+1	British Telecom	1,000
British Petroleum	1,000	+2	+1	British Petroleum	1,000
British Steel	1,000	+2	+1	British Steel	1,000
British Water	1,000	+2	+1	British Water	1,000
British Airways	1,000	+2	+1	British Airways	1,000
British Telecom	1,000	+2	+1	British Telecom	1,000
British Petroleum	1,000	+2	+1	British Petroleum	1,000
British Steel	1,000	+2	+1	British Steel	1,000
British Water	1,000	+2	+1	British Water	1,000
British Airways	1,000	+2	+1	British Airways	1,000
British Telecom	1,000	+2	+1	British Telecom	1,000
British Petroleum	1,000	+2	+1	British Petroleum	1,000
British Steel	1,000	+2	+1	British Steel	1,000
British Water	1,000	+2	+1	British Water	1,000
British Airways	1,000	+2	+1	British Airways	1,000
British Telecom	1,000	+2	+1	British Telecom	1,000
British Petroleum	1,000	+2	+1	British Petroleum	1,000
British Steel	1,000	+2	+1	British Steel	1,000
British Water	1,000	+2	+1	British Water	1,000
British Airways	1,000	+2	+1	British Airways	1,000
British Telecom	1,000	+2	+1	British Telecom	1,000
British Petroleum	1,000	+2	+1	British Petroleum	1,000
British Steel	1,000	+2	+1	British Steel	1,000
British Water	1,000	+2	+1	British Water	1,000
British Airways	1,000	+2	+1	British Airways	1,000
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British Petroleum	1,000	+2	+1	British Petroleum	1,000
British Steel	1,000	+2	+1	British Steel	1,000
British Water	1,000	+2	+1	British Water	1,000
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British Telecom	1,000	+2	+1	British Telecom	1,000
British Petroleum	1,000	+2	+1	British Petroleum	1,000
British Steel	1,000	+2	+1	British Steel	1,000
British Water	1,000	+2	+1	British Water	1,000
British Airways	1,000	+2	+1	British Airways	1,0

BANKS, MERCHANT

BANKS, RETAIL

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

[illegible]

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES - Cont.

Zentrale Der SED	1951	==
Zentrale R.	1951	==

Marketing Prod. ☒ **98**

HOUSEHOLD GOODS - Contd

INSURANCE

INVESTMENT TRUSTS

Super Fly Cap	134	134
Zero Deb 2002	2504	2504
Minimum Buy Sale	2512	2512

INVESTMENT TRUSTS - C

House 676 Sank Das Jan 1974 — 1.

100 Smaller Crk.	143	1	14
100 Smaller Aust.	823	2	8
100 Smaller Aust.	205	5	2

APUcing	34	161	—	71
R Prop	34	202	+2	214
Vibrations	—	4	—	—

هكذا من الأصل

Ukraine seeks western backing to counter Russian nationalism

By Matthew Kaminski and
Christina Freedland in Kiev

Ukrainian president Leonid Kuchma has warned that the west must strongly back his country's economic and political independence to ward off the threat posed by the resurgence of Russian nationalism.

Mr Kuchma also said Ukraine would renege on its promise to close the stricken Chernobyl nuclear plant by 2000 unless western countries provided sufficient financial aid.

Speaking in an interview, he said that as far as Kiev was concerned, proposals by Russian politicians to re-establish the Soviet Union "have no future".

But he cautioned that the resurgence of Russian nationalism could provoke a dangerous

internal rift in Ukraine unless tentative economic reforms more swiftly delivered prosperity to Europe's second largest country. The communist-nationalist alliance is expected to do well in next month's Russian parliamentary elections.

On the other hand, Mr Kuchma also held out the hope that "an economically strong and stable Ukraine" offered Europe the best bulwark against an expansionist Russia.

In contrast with Russia, which has put opposition to the eastward expansion of Nato at the top of its foreign policy agenda, Mr Kuchma said Ukraine supported the inclusion of its eastern European neighbours in the western military alliance. He also said Ukraine would refuse to join a new Russian-led military bloc.

On Chernobyl, Mr Kuchma threatened not to close the plant unless the west helped make up for lost electricity and guaranteed financing to replace the crumbling sarcophagus around the fourth reactor, which blew up in 1986.

Negotiations this week between Ukraine and the Group of Seven industrialised countries failed to reach a deal to close the plant.

"Each year the danger grows, the cracks in the sarcophagus widen and the ground water rises," he said. "It poses a grave danger not just for Ukraine but for Europe and the world."

However, Mr Kuchma said: "When we close Chernobyl, we will lose huge amounts of money. If we don't get the grants from the west, we won't shut down the

reactor in 2000. It will be 2005 or 2010."

The Ukrainian leader also urged his Russian counterparts to follow Ukraine's example and hold parliamentary and presidential elections according to schedule.

Some Russian politicians and businessmen have argued that Russia is culturally unprepared for democracy, but Mr Kuchma said that Ukraine, which shares Russia's largely authoritarian history but held free elections last year, proved otherwise.

"It's not the soul of the country they're concerned with," Mr Kuchma said. "It's the souls of individual politicians who worry about losing their warm seats."

In the shadow of the Russian bear, Page 2

Fuji Bank takes on heavy loss to write off bad debts

By Gerard Baker in Tokyo

Fuji Bank, the world's third-largest commercial bank, said yesterday it would report heavy losses in the current financial year in an effort to free itself of its heavy burden of bad loans.

The bank expects to report its first pre-tax loss, and the largest ever by a Japanese lender, of ¥440bn (\$4.4bn) for the year to next March. It will also become the first leading bank for many years to cut its dividend to shareholders. In the process it will write off more than ¥800bn in bad debts in the full year, a move that should eliminate most of its outstanding problem loans.

The announcement came as the country's leading commercial or "city" banks declared their results for the six months to the end of September. All 11 banks reported substantial increases in operating profits as a result of

big gains on bond trading, facilitated by the authorities' aggressive easing of monetary policy over the last year. Aggregate operating profits were a record ¥1,870bn, up by more than 70 per cent on the same period last year.

For the first time the published results included estimates of restructured loans at each of the lenders. In the past, banks have been required only to provide details of loans to bankrupt borrowers and loans with interest more than six months past due. But loans on which interest rates have been cut to keep a borrower afloat have now been included.

Total non-performing loans at the 11 banks were ¥13,656bn, or 5 per cent of their total lending. But the figure revealed widening differences between stronger and weaker banks. Several of the larger institutions plan to write off most of their outstanding bad loans in the next six months

while weaker banks could still require several years of strong profits to clear their books of bad loans.

The bulk of the restructured loans are those made to the country's bankrupt housing loan companies. The government is scheduled to announce plans for the disposal of those lenders next month and the plans could result in banks writing off substantially more of their non-performing assets in the next six months.

Daiwa Bank, which reported a \$1.1bn loss on US bond trading two months ago, recorded the highest pre-tax profits, but only at the expense of almost no reduction in its bad loans. In addition to Fuji, one other bank, Hokkaido Tokai, the most troubled, also forecast a full year pre-tax loss of ¥190bn.

Sumitomo set to buy Daiwa's US interests, Page 8

French public sector strikers challenge PM

Continued from Page 1

privileges for public sector workers. Yesterday's strikes, dubbed "Black Friday", brought tens of thousands of protesters on to the streets of Paris and other cities such as Toulouse and Marseille.

Only one out of six or seven trains ran on the Paris metro. Air France cancelled more than 80 per cent of its European flights because of striking air traffic controllers. Foreign carriers also cut their services.

The opposition Socialist party and trade unions claimed a victory for the fight against Mr Juppé's proposals, but the level of support for the strikes appeared to fall short of that on a similar day of action last month.

An exception was the strike on the rail network, where workers protested against proposed productivity measures at SNCF, the locomaking rail company, as well as Mr Juppé's welfare reforms.

Most of SNCF's 180,000 workers supported the industrial action, crippling national rail traffic.

In an attempt to ease the confrontation, which is expected to cause disruption through the weekend and possibly beyond, Mr Bernard Pons, the transport minister, softened his line on reform measures.

He said in a radio interview that financial aid from the state could be made initially "without conditions".

Mr Pons has previously demanded that assistance for the indebted rail company should be tied immediately to productivity efforts. His comments yesterday appeared to indicate that the government wants to avoid fighting on several fronts.

It also faces a potentially serious challenge from university students, who have launched a series of protests to back demands for improved funding and facilities.

BT announces division of chairman's dual role

Continued from Page 1

"This is the best thing to have happened to BT in a long time," one analyst said. The shares rose 5 1/2 p to 380 1/2 p.

He will be paid £475,000 and will be eligible for bonuses and membership of BT's long-term remuneration plan. His contract is fixed for the first three years after which it will be renewed on a one-year rolling basis.

His chief value to the company is seen as his proven managerial skills coupled with a profound knowledge of computer technology.

Increasingly, telecoms operators will rely for profitable growth on innovative services

delivered over the "information superhighway", high capacity telecoms lines capable of transmitting voice, data and moving pictures.

Sir Iain, who said a second chapter was opening for BT, said yesterday that he had believed the roles of chairman and chief executive were best combined following privatisation and the liberalisation of the UK telecoms market to give the company a clear focus.

Over the past year it had become apparent there was advantage in splitting the roles.

Mr Hefher, who had a distinguished career in financial services before joining BT, had decided that his long-term future



Peter Bonfield: regarded as one of Britain's top managers did not lie in telecoms. He will leave with his salary of £430,000 a year paid to the end of his contract on August 7, 1997.

Sir Iain said it was not the first time he had tried to tempt Mr Bonfield to join BT.

BT's job exchange

Yesterday's 5p rise in BT's share price is a grudging reaction to one of the most positive events in the group's history. The appointment of Mr Peter Bonfield as chief executive marks a turning point in BT's transition from public sector utility to competitive services group - and probably in the group's dire share price performance too. As chairman of ICL, he is Europe's most successful computer executive. His record of boosting revenue, curbing costs and internationalising ICL is just what BT needs.

Mr Bonfield may not know much about telecoms. But, because of its monopoly past, the telecoms industry sports few top-class executives. Moreover, Mr Bonfield's experience in computers is increasingly relevant now that telecoms has shifted to digital technology - offering scope to enhance the range of services BT offers beyond basic voice telephony.

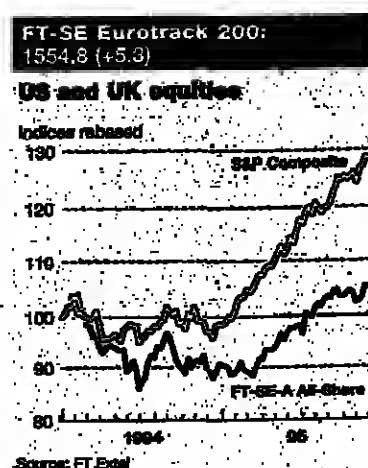
The current management's main achievement has been to slash costs. But it has failed to boost revenue significantly. The company has been slow to introduce and market new services.

Mr Michael Hefher, the group managing director who is being squeezed out to make way for Mr Bonfield, did not fulfil his billing as a marketing man. That may be because he was swallowed by BT's bureaucracy; he also lacked freedom of manoeuvre while Sir Iain Vallance remained chief executive. It is hard to imagine Mr Bonfield becoming part of the grey carpeting. In any case, Sir Iain is now surrendering his chief executive role.

Mr Bonfield faces multiple challenges. BT's relationship with Ofcom has deteriorated - culminating in the regulator's attack this week on the company's business ethics. That said, with the relationship at such a low ebb, Mr Bonfield's arrival could improve matters. If Ofcom believes BT is becoming more dynamic, it may view it less as a monopoly utility that must be closely controlled.

Another challenge will be to intensify competition. With rivals now established in both long distance and local markets - and the international market likely to be further liberalised - BT's monopoly is being eroded. Network capacity could become a low-margin, highly volatile commodity. But, here too, Mr Bonfield could help. If he can boost value-added services, BT will be less vulnerable to commodity-style competition.

More immediately, Mr Bonfield could change investors' perception of



BT from that of a boring utility into a stock with growth potential. BT has few fans in the City because it hoards capital and spends hundreds of millions of pounds a year on loss-making international ventures - with the result that profits and dividends are depressed. The strategy is probably right, but Sir Iain has been unable to articulate it. Mr Bonfield is a more impressive communicator. If he can change City perceptions, BT shares - now yielding 6 1/2 per cent - will be a bargain.

US/UK markets

The outperformance of the US stock market in the last two years is widely viewed as a sign that either the US market has lost touch with reality or UK stocks are due to catch up. In fact, much of the 24 per cent performance gap can be explained rationally.

UK companies pay higher dividends: a comparison of the two markets' total returns shows a slightly smaller differential. Look at real returns (with inflation stripped out) and the gap shrinks again. The same happens if indices are rebased in dollars. Technical factors have also played a part in supporting the US rally. Low real interest rates have encouraged a heavy flow of investors' cash from money-market funds into mutual funds investing in stocks. The fashion for share buy-backs has also contributed to the boom.

But there may also be more fundamental reasons for the difference. One possible explanation is that US companies are generally more dynamic - and their workers more flexible - than in the UK. US technology stocks have

led this year's rally. British companies have been swift to make use of technology - for example banks have been able to cut costs by installing cash machines - but not to develop it. The greater heed paid to shareholder value in the US relative to the UK - and in the UK relative to continental Europe - is also a logical reason to re-rate the US market. Chartists may be focusing the fact that the gap is now almost as wide as it has ever been, but this could mean that the historic correlation is about to be shattered, rather than that a retracement is coming.

There is little chance of the UK market making up lost ground while the US continues to rally; if the US market collapses, the differential is likely to narrow as the UK follows the US down.

Virgin Direct

Norwich Union has proved a fickle partner. Virgin Direct, its joint venture with Virgin, has been a big success - but after less than a year, Norwich has pulled out. It is not difficult to guess why: Virgin's willingness to take high risks seems to have outstripped Norwich's appetite. AMP, the Australian insurer which has stepped into Norwich's shoes, will need a stronger stomach.

Virgin Direct's success has been built on a small range of PEPs. Its ambitions to expand - overseas, and into life insurance and pensions - take it into unknown territory. Neither Virgin nor AMP has experience of selling financial services in continental Europe, the market they are likely to target. And the jury is still out on phone-based selling of complex financial products.

As Direct Line has proved, insurance can be sold on the telephone. One reason is that motor insurance, like a PEP, is a simple commodity which customers can easily compare on price. Life insurance and pensions are different - because price matters less than future savings returns, and because it takes time to match products to individual circumstances, which makes comparing different providers an unwieldy process. It is no surprise that Marks and Spencer's phone-based life insurance and pension business has proved disappointing.

This suggests that Virgin is right to concentrate on term assurance - life insurance without savings attached. But venturing into personal pensions is a big risk.

The new "Mark XII" stands the test of time



In the early days of aviation, pilots needed a watch that was robust, precise and legible, and resistant to shock and magnetic fields.

Their lives depended on it.

And IWC, with a heritage in watchmaking stretching back to 1868, had no hesitation in taking up the challenge.

Their first pilot watch, produced in the 30's, satisfied all the criteria. And since the end of that decade, every IWC pilot's watch has had an inner case of soft iron - the perfect shield against strong magnetic forces.

IWC introduced the smaller Mark X, intended also for military use, at the end of the 30's. The stylised "king's arrow" identified the watch as one made specially for the British forces.

The Mark XI appeared in 1948. Selected for issue to RAF pilots, it became the most celebrated and sought-after of all IWC's pilot watches.

For those of you who have never enjoyed the pleasure of owning a

Mark XI, we are pleased to announce a worthy successor.

The Mark XII is a marriage of classic design and modern watchmaking technology.

Like its predecessor it has that soft iron inner case, making it virtually impervious to magnetic fields. Inside, there is the superb 884 calibre automatic movement, adjusted in five positions.

The Mark XII features a date display with rapid adjustment, a stopwatch second hand and a 45-hour power reserve. With a screw-in crown, the Mark XII is fitted with a sapphire glass (hardness coefficient 9) and is water-resistant to 50 metres. You have the choice of hard-working matt stainless steel or elegant 18ct gold.

Tempted? See the Mark XII at: Nationwide; Asprey; Garrard; Hamilton & Inches; Mappin & Webb; Harrods Watch Department; Nathan; The Watch Gallery; Watches of Switzerland; Channel Islands: Jewellers & Silversmiths

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FT WEATHER GUIDE

Europe today

A lingering front from Scotland to the Iberian peninsula will cause cloud and rain over Portugal, western Spain and western France. Elsewhere on the peninsula, as well as in France and the Benelux, it will be dry with sunny spells. Along the western coast of the British Isles it will be cloudy and wet. Elsewhere, cloud will be interspersed with a few sunny spells; a shower is possible. A strengthening low pressure system in the western Mediterranean will bring heavy rainfall in the eastern Pyrenees and transfer showers in Sicily and Sardinia. The Balkans and Turkey will be mainly sunny but cold because of high pressure over south east Europe. Serbia and Romania will have patchy fog.

Five-day forecast

Low pressure will produce alternating cloud and rain in the UK for several days. The Benelux and Germany will stay mainly dry. Cloud and heavy showers will occur in southern Europe. From Monday, eastern Spain and central France will stay dry. South-east Europe will be rather sunny and dry. Further north, a frontal zone will linger over Russia causing cloud and patchy rain. The Ukraine will remain dry.

TODAY'S TEMPERATURES

Location	Temp	Location	Temp	Location	Temp	Location	Temp
Madrid	11	Paris	10	London	9	Amsterdam	8
Brussels	10	Frankfurt	10	Berlin	9	Cologne	9
Geneva	9	Munich	10	Vienna	10	Zurich	10
Stockholm	10	Helsinki	10	Tallinn	10	Riga	10
Warsaw	10	Budapest	10	Belgrade	10	Sofia	10
Thessalonika	10	Atenas	10	Bratislava	10	Prague	10
Brno	10	Opava	10	Liberec	10	Hradec Kralove	10
Pardubice	10	Vsetin	10	Brno	10	Olomouc	10
St. Pankraty	10	Bratislava	10	Prague	10	Brno	10
St. Pankraty	10	Bratislava	10	Prague	10	Brno	10
St. Pankraty	10	Bratislava	10	Prague	10	Brno	10

Lufthansa

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Weekend FT

There is a holiday atmosphere in the bush these days. Affluent tourists, honeymoon couples, adventurous backpackers on tight budgets are all pouring into the wilderness in such numbers that the face of southern Africa is beginning to change.

"Africa is going to end up being a game reserve without animals," said a Zimbabwe safari guide. "In Angola, Mozambique and Zaire they say you can't hear the birds any more in the heart of darkness because they have all been eaten. In some big parks, lions are getting bored by the steady flow of Land Rovers."

As the tourist boom gathers momentum, over-development risks causing as much damage in the bush as the continuing illegal poaching of wild animals. But for the countries of southern Africa, enjoying peace for the first time in 30 years, tourism is seen as the business of the future.

"Tourism is expected to become the most important industry in southern Africa by the early years of the next century," said Trevor Grundy, editor of the Zimbabwe-based Africa Travel News. Already the countries across the region are joining forces to package southern Africa as a single destination to take advantage of the boom.

In some countries such as Botswana and Zimbabwe, tourism has become one of the three main sources of badly needed foreign currency earnings along with mining and farming. International organisations, including the European Union, are adding their financial support to encourage development. Safari lodges are springing up all over the place on private estates and national parks.

All sorts of entrepreneurs are moving into the business. Once Hollywood film stars owned luxury safari camps. Now it is also the turn of Wall Street millionaires.

Paul Tudor Jones always wanted to own the best game ranch in Africa. When he was 10 in his native Memphis, Tennessee, he wrote a book on exploring the dark continent which his father had bound for him. By 40, he had made a fortune as a futures dealer on Wall Street. And last year he fulfilled his dream by buying for around \$2m (22.6m) 100,000 acres of some of the best game land in southern Africa.

"He's a funny guy," said Dr Jeremy Anderson, an ecologist who runs the Malilangwe Conservation Trust set up by Jones on his new estate in south-eastern Zimbabwe. "It's a passion. He only spends a couple of weeks a year here hunting with bows and arrows, fishing and shooting doves, but he still dreams about Africa once a week."

Malilangwe means "the call of the leopard". The private reserve is full of big cats that sometimes wander at night between the air-conditioned thatched cottages which form the nucleus of Induna Lodge.

From this smart, secluded enclave lavishly restored by Jones, with its own airstrip and lake, tourists paying \$195 a night go out tracking some of



On safari: all sorts of entrepreneurs are moving into the tourism business in southern Africa

Africa's new big game

Tourism is the continent's business of the future, but at what price, asks Paul Betts

Zimbabwe's only free-running horned rhinoceros, view one of the highest concentrations of birds of prey in Africa, and discover on sandstone rocks wonderful examples of 3,000-year-old bushman paintings.

Jones is not out to make money. "He is a philanthropist with a thing about Africa," said Anderson. "Any profit from tourism is ploughed back into the conservancy and quite a considerable lot is fed into the local economy."

Jones is part of what has become a multi-million dollar safari business across southern and eastern Africa. For Zimbabwe, it is still a relatively recent phenomenon. "It all began slowly in 1980 after independence and the troubles," said Brian Worsley, managing director of Wilderness Safaris in Zimbabwe. "But it started booming around 1985-86 and it is now growing terribly fast."

The figures speak for themselves. Last year 950,000 tourists visited the country, 30 per cent more than in 1993. A further 20 per cent or well over 1m are expected this year. Tourism is expected to earn the country more than \$250m a year by the turn of the century.

It is tantamount to an old-fashioned gold rush. The grass was still being planted and the swimming pool completed at Elephant Camp when Richard Branson and his family visited. A 40-minute drive from Victoria Falls, the lodge opened only two months ago. Tourists are taken on safari on the back of four tame African elephants.

At Barberton Lodge, set above a private cattle ranch and conservancy boasting a large population of rhinoceros, tourists on an evening game drive are treated to a sunset show by a pet hippopotamus. Peter Cook, the camp's guide, placed some horse sugar cubes on the bank of a lake and whistled. The hippo finally emerged out of the water for his dinner amid flashing cameras.

On Lake Kariba, as I boarded a Mississippi paddle boat with several bedrooms and a honeymoon suite complete with a four-poster bed and chubbies, a trio played "Mack the Knife". There were 54 large, noisy Germans and Afrikaners drinking Zambezi beer and getting burnt under the mid-day sun. They had flown in from Namibia on a restored DC-6, part of the popular cruise package.

The government is also offering new concessions to open camps inside the country's national game parks where tourists are free to walk under the watchful supervision of professional guides.

Victoria Falls, the region's tourist magnet, has become a frontier boom town. About two-thirds of all foreign tour-

'They say you can't hear the birds anymore in the heart of darkness because they have all been eaten'

ists come to see the "the smoke that thunders", as the largest wall of tumbling water in the world is known. All around, this once sleepy town risks turning itself into Disney in Africa.

Clive Bradford, a friendly Crocodile Dundee-type fellow who runs a white water canoe-

ing camp on the banks of the Zambezi, recalled that a few years ago the population of Victoria Falls was 90 whites and 2,000 blacks. "Today it has grown to 1,000 whites and 19,000 blacks and there is little control of development."

It is not only an adventure playground for dare-devil tourists in search of the ultimate adrenalin rush: diving 300ft down into the Zambezi from the Victoria Falls bridge on the world's highest commercial bungee jump; flying over the falls in an open cockpit micro-light aircraft; or crashing through white water rapids in a rubber dinghy.

You can also go on armchair safari, watching game from the comfort of the dining room of the new Victoria Falls Safari Lodge, one of six hotels catering for the growing flood of tourists.

A seventh hotel is already planned. And the town is not only being over-run by affluent tourists but by young backpackers as well. It is becoming a hard-sell place: people peddling trinkets, wanting to change money in the streets and selling *mbanje* (marijuana).

A big commercial centre is

also under construction. But it is still a far cry from Nairobi, which has become known as "Nairobi".

"Everybody wants to come to the falls but we advise our clients to come, see and move on as quickly as possible," said Nigel Kay, a Cheshire businessman, who started his travel business in England this year organising safari trips using small chartered aircraft. "We encourage people to visit the remotest parts of the country and stay at small owner-run lodges." He is also betting on the safari.

Although you can still get lost in Zimbabwe, the authorities and conservationists are worried by the expansion of tourism, especially around Victoria Falls. Zimbabwe and Zambia have agreed to collaborate on a long-term master plan to ensure sustainable development of the falls area.

Development of new tourist facilities is putting the vegetation at risk, causing erosion in several places, and intruding on wildlife corridors to the Zambezi River.

When easy access to the river is blocked, animals are forced to find new routes to the

water. In the case of the already abundant elephant population, this can lead to the overcrowding of herds. As elephants are notoriously destructive, this can cause even greater damage to the environment.

It has also increased the risk of serious incidents between man and beast: not just because there are more tourists in the bush but because chance encounters become more frequent as the animals converge on alternative routes to the water.

A serious drought in Zimbabwe this year has made matters worse. Animals are stressed by the low water levels and the scarcity of food in the parched bush. There have

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Joe Rogaly

The advance of the judiciary

Richard Branson's Channel 5 court challenge highlights a fundamental change in attitudes



If you are still undecided about what to buy Richard Branson for Christmas, here is the perfect suggestion. Give the unshaven Virgin entrepreneur a book. I have in my hands the very volume, freshly minted. It weighs a ton. It should, its published price is £125. The title is *Judicial Review of Administrative Action*. That will do nicely.

Here is why. On Wednesday the Virgin group chairman heard from Mr Justice Judge that he had an "arguable case" for revisiting a decision by the Independent Television Commission. You may have noticed the story in the FT. The commission had not accepted Mr Branson's bid for the licence to operate Channel 5. Virgin challenges this.

Before I say anything else I must remind you that the successful bidder was Channel 5 Broadcasting, a consortium one of whose members is Pearson, which owns this newspaper. We will therefore leave the matter of Virgin TV's suit at that. The court will let us have its opinion, possibly early in January.

This little tale might once have seemed unusual in Britain. A famous case, cited in *Judicial Review*,... produced a celebrated dictum by Lord Greene - that the courts can only interfere if an official decision "is so unreasonable that no reasonable authority could ever come to it". That was in 1945. The 1995 edition of our huge volume notes that this remark "fails to guide us with any degree of certainty".

It sure does. The judges are all over the place these days, eating at least one decision of the home secretary's every day before breakfast, hearing an appeal on this, rejecting a ruling on that, ever criticising the government.

This is a relatively recent development. In 1974 there were 160 applications to the High Court for leave to challenge administrative decisions. The annual total is now more than 3,000, although over half are turned down flat. The truth is that citizens are becoming awkward. They no longer defer to officialdom.

You can see how the process of judicial review has developed by considering the his-

tory of this book. It was originally a thesis submitted by Stanley de Smith for his doctorate, duly awarded by the University of London. Then it was published in 1959. It went through three de Smith editions, the last coming out in 1973, when its originator was professor of the Laws of England at Cambridge.

We now have a fifth version, much of it new or substantially rewritten by Lord Woolf, a distinguished law lord, and Jeffrey Jowell, professor of public law at University College London. They took five years over the task, but reckon they have recorded the situation as it stood in mid-June of this year. I will not kid you. I have not studied every one of its 1,130 pages with equal care. But you need only be in the company of this volume for a few hours to sense, possibly by osmosis, the origins of the recent skirmishes between politicians and judges.

Put at its starkest, we are becoming more like the continental Europeans. England has no *Cassid'Etat*, as do the French. It lacks the Ger-

mans' *Bundesverwaltungsgericht*. I was taught many years ago, when it was still true, that the British have or had no specific, separate apparatus of administrative law. Professor de Smith originally noted that judicial review was "sporadic and peripheral". This phrase survived the first four

The rise of review has coincided with an increase in the powers of Whitehall

editions intact. The authors of the latest accept it, but add that "the effect of judicial review on the practical exercise of power has now become constant and central". Perhaps that is why British civil servants are instructed by a pamphlet entitled *The Judge Over Your Shoulder*.

Painstakingly, the authors record the steady advance of the judiciary, starting from

the late 1850s and the Franks Committee on administrative tribunals and inquiries. Subsequently, the courts became more active and "creative". Throw in the European Union, which now "encroaches on large parts of British commercial and administrative law" and you get the picture.

Many cases involve individual rights, as with immigration or asylum appeals. Others have to do with the disclosure of official information, public interest immunity certificates, employment decisions - the lot. What they have in common is that, in a phrase made famous by Princess Diana, the executive is "the enemy".

You can take one of two lines on this. You can huff and puff and denounce the judges for interference. They were not elected. How dare they question the representatives of the people! This is the line propounded at the recent Conservative party conference, and in Tory tabloids. It is not unreservedly disavowed by Labour, but then nothing the government does ever is. Labour's shadow lord chancellor, Lord Irvine of Lairg, assuredly a

stout supporter of judicial review, warned in a recent lecture against what he called "judicial supremacism".

Alternatively, you can argue that if the judges were not there to protect us from politicians and officials we would have nowhere to turn. The rise of review has coincided with an increase in the powers of Whitehall and expansion in the number of supposedly autonomous committees, the membership of which depends on political patronage. A mere change of government will do little to alter that.

Review by judges is not to be trusted, but it is better than no check on the executive. Even to a lay reader like myself the latest edition of de Smith, Woolf and Jowell should make that plain. Pages of careful argument, resting in every leaf on a small mountain of footnotes, establish the case for balancing official power with a countervailing source of authority. In other countries they do it by theory. In Britain judicial review just grows. That is the traditional English way.

*Sweet & Maxwell

PERSPECTIVES

Science / Clive Cookson

On the scent of the secrets of smell

Smell has always been the most elusive and evocative of our senses. Scientists also find it the most mysterious. They know far more about the way we see, hear and touch than about smell.

A fragrance such as perfume or freshly roasted coffee results from the interaction of hundreds of different molecules in the air with receptor cells in the nose. Their signals travel first to the brain's "olfactory bulb" for preliminary processing and then to the cerebral cortex, which interprets the pattern as a particular smell.

The big question is how to relate the structure of a molecule to its odour. The perfume industry has many empirical rules but no firm foundation for predicting an odour. So fragrance manufacturers have to play molecular roulette, designing and making hundreds of new chemicals every year, and then asking trained "noses" to assess them.

The favourite theory is that a

molecule's smell is determined by its shape - how well it fits into the various different receptor cells. This "lock and key" mechanism, first proposed more than 40 years ago, appears to explain similarities in smell between some molecules of similar shape. But there are many limitations and exceptions.

A radically different explanation - not yet published in the scientific literature - will be put forward on *Horizon*, BBC2's science programme, on Monday evening. It comes from Luca Turin, a biophysicist at University College, London.

He believes that small receptors respond to the vibrational frequency of a molecule. Although geometry plays a part in determining

whether it fits into a particular receptor, the main determinant of smell is the characteristic vibration of the chemical bonds that hold the molecule together.

Turin - a cosmopolitan scientist with Italian parents, a French upbringing and an Anglo-American research career - is resurrecting an idea that died in the 1950s because of overwhelming evidence against it. But he thinks he has overcome the objections.

One practical demonstration, to be shown on *Horizon*, amazed a panel of perfumers at the Paris offices of Quest, the international fragrances manufacturer. A particular problem with the vibration theory concerns a molecule called

carvone which exists in two mirror-image forms like two gloves; the "right-handed" one smells of spearmint, while the left-handed form smells of caraway. The two forms vibrate in exactly the same way, so how come they smell different?

Turin says that in right-handed carvone an important part of the molecule, known as a carbonyl group, does not fit into the receptor and therefore its vibration does not contribute to the smell. In the left-handed form, however, the whole molecule is contributing.

To prove his point in Paris, Turin converted the smell of right-handed carvone from mint to caraway by adding a few drops of a different-shaped chemical, pentanone, to the

test-tube. Pentanone has a suitable carbonyl group, which fitted into the receptor cells and supplied the missing vibration. The Quest perfumers reacted as if he had miraculously turned water into wine.

Other scientists will take more convincing. They will not even consider the evidence until Turin has published it in a scientific journal. But he already has support from Mike Marin of the US Office of Naval Research, which has been funding Turin's work at UCL. (The ONR has a long record of paying for speculative projects in basic research outside the US.)

Meanwhile Turin is building up a database, relating molecular vibrations to smells. He has also worked

out a possible mechanism for the interaction between nasal receptors and odour molecules.

His mechanism was suggested by a little-known technique for measuring vibration frequencies, called inelastic electron tunnel spectroscopy. It gives a detailed explanation, using both biochemistry and quantum electronics, of the way receptors can respond to molecular vibration.

In essence, a tiny current can flow through the cell, from a chemical electron donor on one side to an electron receiver on the other, if an odour molecule with the correct frequency is attached to it. The nose contains many different receptor types, each tuned to a different

frequency range. Turin's vibration theory could have far-reaching applications in biology because several other receptor types, including those for neurotransmitters in the brain, are related to the smell families. Could molecular vibrations, as well as shape, play a role there too?

But Turin himself is a self-confessed "perfume freak". He is keen to apply his theory to predicting the smell of molecules, enabling manufacturers for the first time to design an odour from its molecular structure. Oxford Molecular, the leading UK molecular design company, is working with him to see whether such an approach might work in practice.

If the vibration theory is right, it will have explained smell at one level - how molecules interact with odour receptors in the nose. Other mysteries, such as the link between smell, memory and emotion, remain to be solved deep within the brain.

Minding Your Own Business

Raising a glass to an older tradition

Clive Fewins meets a couple who blended cider and optimism

Ivor and Susie Dunkerton were disappointed when they were unable to raise the £140,000 needed to buy the pub in the village next to the Herefordshire hamlet where they run their organic cider and perry-making business.

"The pub fetched £142,000 but it would have needed £100,000 spent on it to make it really viable. Looking back, after some of the problems we have overcome in the three intervening years we are very grateful that we were unable to buy it," said Dunkerton.

Instead the couple opted to build a bar and restaurant on the 18-acre farm they bought in 1979, where they produce organic ciders and perry.

The restaurant for 70, with its spacious bar, where the Dunkertons serve draught and bottled cider and perry, is a skilful blend of two old timber-framed barns that they bought in skeleton form and re-erected.

The effect is rural and relaxed, and its menu, which features beef and lamb raised on their land, fits in well with the up-market image of their bottled drinks.

They were full of optimism when the £150,000 project, which received a £27,500 grant from the Rural Development Commission, opened its full lunch and evening menu in October. It proved attractive to local diners, but by Christmas it was clear that money was, to use Ivor Dunkerton's words, "haemorrhaging away".

The Dunkertons were relieved when their first chef left after a few months, together with his assistant. "His approach just did not fit in

with our way of doing things," said Susie Dunkerton.

"We now have a chef who works on his own without an assistant and he has been a great success."

Now, a year later, the business has settled down, in spite of the hot summer during which the Dunkertons thought tourists in their part of rural Herefordshire would head straight for the Welsh coast and not bother stopping at their cider mill and restaurant. "Turnover looks

like being about £100,000, and with luck we shall break even," said Dunkerton.

The experience with the first chef reminds Dunkerton of another episode in his life. Until the age of 47 he was a film editor, researcher and producer with BBC television, and spent several years on the Today programme. "In 1979, after 19 years with the BBC, I was allowed a year's sabbatical, which we spent mainly looking for a second home in rural Herefordshire," said Dunkerton.

When he returned to the BBC life had changed. "There had been a lot of wheeler-dealing in the department to which I had moved. It only needed one person who I just did not get on with to make me think

about leaving," he said.

"I also felt that I had reached a point where my work was beginning to be repetitive, so I decided the best thing would be to resign."

"We knew the move to Herefordshire was a crazy thing to do. We had two boys aged 15 and 16, and our only experience of the land was when we dug up the lawn beside our house in Twickenham in order to grow vegetables."

Once they had paid off the mortgage on their Twickenham house, the Dunkertons had £42,000 to invest in a business. They decided that cider was the best bet to run alongside their 20 breeding ewes, six heifers, chickens, ducks, geese and goats.

"There was a tradition of cider-making around here but it had virtually died out. There was no commercial maker of any size in the locality and we found lots of old orchards full of differing varieties of cider apple that were being grown organically, simply because it was impossible to get a tractor into them to spray," Dunkerton said.

The couple went on a cider-making course and made contact with others who had experience of the process. They also received support from local people keen to see the tradition revived.

"To our surprise it worked. We were able to obtain most of the basic equipment we needed for a few hundred pounds, we borrowed very little from the bank, and after a small loss in the first year we progressed gently through the 1980s, peaking in 1990 with a turnover of £90,000," said Dunkerton.

It was when they realised that only 30 per cent of the output was



Ivor and Susie Dunkerton in their Herefordshire restaurant

being sold at the farm gate - most is sold through organic food wholesalers to food halls, wine merchants, delicatessens and up-market retailers - that Ivor Dunkerton decided to open a local outlet for draught cider.

"We had very little success selling to local pubs because, in our naivety, we had not realised that most free houses have some sort of tie-up with their draught cider as well as their beer. The nearest pub that took our draught cider was 14 miles away," he said.

This realisation, together with a slight dip in profits in the early

1990s, led to the idea of buying a pub. The Dunkertons' son, Julian, by then part-owner of a small chain of clothing retailers, offered to take an equal share in the pub business.

This did not happen but with the success of the restaurant, Dunkerton is now trying to persuade his son to invest in a £100,000 carbonation plant.

"We feel that carbonation will greatly increase our presence in the market," he said. "It is all to do with the public perception that only carbonated cider is the real thing. Hopefully it will be a superior product to the carbonated ciders of the

big manufacturers, and probably the only organic carbonated cider available."

However, all this is still some way off - although not as far away as Dunkerton's dream of eventually opening a distillery on the site and also growing, organically, all the vegetables used in the restaurant.

"All these ideas seem a natural progression. I confess I am an eternal optimist," he said. "Although I am 62 I have no intention of retiring. We are working harder than ever. We have to. We feel we owe it to the local community that has supported us, and also to the faith

placed in us by the Rural Development Commission."

"We also have to think of the £20,000 we owe to the bank and the fact that we have extended the mortgage on our house by £50,000 to help finance the restaurant."

"I want to employ more people, and to make this a place where people can drink the best organic cider and eat the best food for miles around. To me that seems quite a worthwhile thing to do."

Dunkerton Cider Company and Cider House Restaurant, Hays Head, Luntley, Pembridge, Leominster, Herefordshire HR6 9ED.

Why it paid to be an amber gambler

Stephen Court on a gold and silver company's successful diversion

Bob Rontaler was a reluctant convert to the charms of amber. He was working as a manager in a gold and silver jewellery business when a Polish friend tried to interest him in selling the stone.

"I had never worked with amber. The impression I had was of old ladies with very heavy baroque amber rings and necklaces. I was indifferent and treated it with tremendous scepticism," he said.

But Rontaler was eventually persuaded, and ordered around £3,500 worth of amber from Poland. That was back in the mid-1980s. Since then the annual turnover of his company, Goldmajor, which imports and distributes amber jewellery, has passed £1m.

The biggest growth has come in the past three years. Turnover leaped from £650,000 in 1993 to £1,200,000 in 1994, coinciding with the release of Steven Spielberg's film *Jurassic Park*, which featured insects fossilised in amber that enabled scientists to recreate dinosaurs.

"*Jurassic Park* brought so much awareness," said Rontaler. "Our sales in the US quadrupled. But our growth through the recession was primarily to do with the fact that we had a growing market for a product which was fashionable. We worked hard to develop and sell the product."

Amber is the fossilised resin of coniferous trees. Baltic amber is 40m-60m years old, and has a high reputation. Its colour ranges from pale gold to a rich shade of brown.

Rontaler's parents were Polish, and moved to Britain after the second world war. His company is based in west London, where one of the UK's largest Polish communities lives.



Bob Rontaler with some of his jewellery

It was through that community that Rontaler met his Polish wife, Jaga, when she visited London 20 years ago. Both are directors of Goldmajor.

The bulk of the amber jewellery Rontaler buys is produced in Poland - and his knowledge of the language is invaluable. "We deal with a large number of manufacturers and jewellery designers in Poland, and buy the finished products from them," he said. Before the collapse of Poland's Communist regime in 1989, buying had to be done through a state export agency.

"After 1989, I started dealing directly with the manufacturers. At first I had the edge over competitors because I knew the language and had the contacts. Over the last two or three years, since the market has opened up, so has the competition. Costs are very high - they have gone up by five or six times," Rontaler says. He also uses manufacturers in Thailand, because of the low labour costs, and in Israel.

Around half of Goldmajor's sales are to retail jewellers. Just under 20 per cent are to the Past Times chain of gift shops, 15 per cent are to other gift shops, and 6 per cent are to

department stores. Just under 10 per cent of sales are for export, mainly to the US, Germany, Austria and east Asia.

The company employs 10 full-time and two part-time staff, and has three agents: two in England and one in Scotland - who work on a percentage basis.

Investment in Goldmajor has included a start-up bank loan of £15,000 and a £20,000 overdraft facility. The company took out a £50,000 mortgage two years ago to buy its present headquarters in Ealing, where Jaga Rontaler also runs a retail jewellery shop.

A colour catalogue - now in its fourth edition - has been a key factor in marketing, and Goldmajor exhibits at trade fairs in the UK and abroad. Rontaler is frustrated with Department of Trade and Industry regulations which rule out financial help with exhibiting because the majority of the company's products are imported.

The biggest problem for Rontaler is financing the business. "It's a juggling act making sure you have the goods for the client, and keeping the manufacturers happy."

Of his amber, he added: "Each piece is individual. It should tell a story." He pointed to a large chunk of amber from Dominica, estimated at 20m years old. Trapped inside were 20 fossilised insects. That piece was not for sale.

Goldmajor Ltd, 69 The Grove, London W5 5LL. Tel: 0181-579 0582.

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كتاب المجلد

PERSPECTIVES

The thrill of the chasse in rural France

Nicholas Woodsworth travels the hills of Provence in search of wild boar

A part from distant church bells, there is little sign of life on the Seguret road early on misty Sunday autumn mornings. I am not a dawn riser by choice, but this morning was different. In the company of Claude Cheve, devoted hunter and member in good standing of the *Société de Chasse de Seguret* village, I was setting off into the hills of Provence on the trail of wild boar.

In order to shoot a boar, you must first find him. Claude and I were scouring his father's farm - 18 acres of rolling vineyards - looking for freshly-made tracks. Boars are nocturnal animals and in the department of the Vaucluse, where rough and wooded hill country slopes down to rich farmlands, late night gourmands as well.

In the summer season they are fond of dining on grapes before retiring to forest thickets near dawn.

Now, with the harvest well behind us, we were hoping to find their spoor in soft, newly-turned vineyard soil where the animals like to root for grubs and insects.

We did indeed find signs of nocturnal activity, but not the ones we were looking for. Near a sharp bend we came across a car that had left the road at high speed. Overturned, its windshield shattered, it lay amid the dew-covered vines like a dead animal on its back. Had anyone been hurt, killed? We could not tell.

"Ah, les jeunes," sighed Claude. Kids. "It happens on Saturday nights - they go off to the discotheques, they dance and drink until four in the morning, then they pile into a telephone pole, or a vineyard, or each other on the way home."

The "jeunes" that Claude was thinking most about was his own teenage son, Florent. More interested in music and discos and pretty girls than wild boar, Florent's late night sorties leave his parents concerned. "I do not push him," Claude said, "but I would be happy if he took an interest in hunting."

It is not an interest all fathers would wish upon their sons. In England, the championing of animal rights is less and less restricted to an extremist fringe: hunting is

coming to be regarded by the urban majority as a cruel and unnecessary pastime of an outmoded rural elite.

In France, where the country roots of ordinary people go much deeper - few are the Frenchmen who have to look further than one generation to find family living on the land - the criticism is not nearly as harsh.

I had my own reasons for feeling harsh. When, 15 years ago, I first moved to the Midi I took up residence in part of a crumbling old château. The owners, rural nobility in straitened circumstances, had let out their lands as a *chasse garde* - a private, leased hunting ground.

Every weekend in the hunting season we were invaded by gun-toting city-dwellers from nearby Marseille. They had all the excited passion for which

The land is so old, so carefully lived and worked on, that not a square inch of it is unknown or uncherished

the French are famous, and more ammunition than sense. Going outside meant taking the murderous chance of being peppered by some hatcher's boy on his day off. We stayed indoors, where lead shot merely tinkled down on the roof.

I missed the sound of songbirds. My wife, however, steadfastly defended hunting, or at least a less insane form of it. Her own relatives - uncles, cousins and nephews from a large clan of farming people in the Vaucluse - were enthusiastic hunters: on visits during the Christmas season we were served up feasts of spit-roast thrush, boar in blood sauce, or stewed hare.

None of this, my wife maintained, was anything but honourable. As practised by country people, she said, hunting is not a sick aberration but a natural extension of everyday

French rural life. No hunter myself, I remained sceptical. It was finally time, I had decided, to have a look.

□ □ □

Claude and I found no traces of boar tracks at all, but that did not mean the traditional Sunday hunt would not go ahead. In Provence, boar hunting is collectively organised as a *batue*, a hunt in which dogs and anything from eight to 30 hunters participate. All over the district of Seguret that morning, other members of the *Société de Chasse* were combing vineyards and ravines, water holes and forest paths for signs of boar.

We all met up on the wooded plateau above the farmlands - some 20 whiskery, leathery-faced men in olive-drab clothing. Deep tracks belonging to an animal of about 250lb had been found.

But were they recent? Fino, a young liver-spotted hunting dog with droopy ears and a whippy, enthusiastic tail, was produced from the back of a van. Collar bell clanging, he cast his head low to the ground, sniffed, strained at his leash and began a low, loud, throaty baying.

I had difficulty understanding the lively planning strategy that followed - some of it was in the thick accents of backwoods Provence, the rest in the Provençal language itself. But it was important: half the pleasure of hunting here, as half the pleasure of anything in Provence, lies in talk. Eventually we marched off to our assigned tasks. I accompanied Alain, Claude's brother-in-law, to a *poste* about a kilometre away.

In theory a *batue* is designed to cut off a boar's routes of escape. Using their miraculous noses, the hunter's dogs follow the scent through thick bush to the boar's lair. The animal will sometimes turn on them, defending itself with its short, sharp tusks. More often it will flee, taking the narrow forest routes it habitually uses. The hunters, too, know some of these routes.

The *batue* does not always work. The dogs can lose a not-wholly-fresh scent. A wild boar can double back and evade his pursuers. The hunters can post

themselves on the wrong trails. That morning Fino, a stand-in for Tailleu, a more experienced dog guided by a boar and stretched up the week before, lost the scent in a vineyard.

I did not mind at all. The autumn day was so glorious and mild, the countryside so rich, that the morning passed unnoticed as we waited for Fino to take up the scent again. From the hill where we sat I looked out over grape vines slowly turning red, across groves of olive trees heavy with green and black fruit, along rows of poplars as yellow and bright in this season as tall candle-flames. This land is so old, has been so long and carefully lived and worked on, that not a square inch of it is unknown or uncherished.

Alain, a grape-grower like most of the hunt members, told me about his own vineyards, the months of hard work that precede the harvest, the slack period that follows.

When you own a small family farm, he told me, you cannot just drop everything and leave on holiday. There are animals to feed, daily chores to see to. If hunting began as a

necessity, a means for poor peasant farmers to put meat on the table, it has continued as a pastime today because farmers remain tied to the land.

It was easy enough chatting to one hawny, mustachioed hunter - it was slightly more intimidating talking to 20 of them when, still boarless, we met for lunch. These were men who have known each other since childhood. Hunting gives them a chance to maintain those tight bonds, not just across property lines, but across generations.

Over a fire on which sausages were being cooked I met Claude's father, now elderly but as passionate about hunt-

ing as when he was 20. Rough and forbidding the group may have looked, but they were just as shy of strangers as I was of them.

When we finally sat down I found them friendly, simple, and generous. "Mangez, bon sang!" they insisted, urging pâté, cheese, bread and their own strong red wine on me. After lunch, sat and sleepy, relaxed in each other's company, they lay down on the grass and swapped hunting stories stretching back decades.

The afternoon passed as quickly as the morning. Fino picked up the scent again, fainter than ever, and followed

hesitantly. But no one seemed overly thirsty for blood. Claude and I made our way to a *poste* on a scrub-oak-covered ridge, enjoying the walk as much as anything.

Shooting a boar was not the sole end of boar hunting, Claude agreed - it happens on about one hunt out of five. Unlike most of his childhood friends, Claude left the farming world, and today works in a bank in nearby Vaison-la-Romaine.

Returning to the woods whenever he can is his way of keeping contact with the past. For him it is all at once a sort of social cement, an old country tradition, a deep tie to the

land, and an appreciation of nature.

"Et, en plus," he said, "on rigole" - we have a good time.

We sat there through an afternoon silent but for the dropping of acorns. Once, the breeze brought from far away a faint sound of baying and the ringing of a dog's bell. It soon faded.

I was just as happy not to have seen an animal shot and cut up and shared out into pieces. In missing that bloody ritual I had seen some gentler, perhaps more meaningful ones. I am no more of a hunter than I was before, but have a little more affection for some of those who are.



The last gasp in the league tables season

John Authers examines how schools' performances are compared

This week, the UK government's performance tables for all the schools in England, a huge statistical exercise covering exam results at GCSE and A-level, as well as vocational qualifications and statistics on truancy, spilled into the nation's newspapers. It was the last gasp of a three-month "league table season" which is now a part of the educational year. We had already seen exam figures for independent schools, published by the Independent Schools Information Service (ISIS), while several newspapers, published their own rankings, including the FT's 1,000, printed last month, which analysed A-level results.

Are parents any wiser after the government's contribution? They will probably know little, if anything new about the best performers. But they will know a lot more about the weakest.

The government's information is limited. At the GCSE level, it merely asks what percentage of pupils have reached three thresholds - passing at least five subjects with a grade C (equivalent to an old GCSE O-level pass), at least five with a grade G (equivalent to an old CSE pass) and passing at least one with a grade G.

This is not a good mechanism for measuring excellence, as there is no record of how pupils perform above a grade C, and many schools tie for first position on 100 per cent.

However, media attention has concentrated on it, perhaps wrongly. Schools have registered a sharp improvement on the "five Cs" yardstick since the first government tables appeared in 1992, improving from 38.3 per cent then to 43.5 per cent this year. However, improvement is tapering off.

The government's top 10	
Rank	School
1	King Edward VI High School for Girls, Birmingham
2	King Edward's School, Birmingham
3	Lady Eleanor Holles School, Harpenden
4	Warwick School
5	Wottonville Girls' School, Warwick
6	Downe House School, Tring, Hertfordshire
7	Nottingham High School
8	Bolton School Boys' Division, Bolton
9	Polton Hall School, Darlington
10	Loughborough High School, Leicestershire

The FT top 10	
Rank	School
1	St Paul's School, London
2	Winchester College, Hampshire
3	Westminster School, London
4	Royal Grammar School, Guildford, Surrey
5	St Paul's Girls' School, London
6	Elton College, Windsor, Berkshire
7	King's College School, London
8	North London Collegiate, London
9	King Edward VI High School for Girls, Birmingham
10	Featherstonham's Aisle, Northampton, Northamptonshire

with the average rising only by 0.3 percentage points this year.

Meanwhile, the numbers failing to pass at any grade are getting at least one G rose from 61.3 to 83 per cent in 1993, fell again this year, from 82.3 to 91.9 per cent.

So this year there was a greater rise in the numbers leaving school without any qualifications than there was in the numbers gaining the passport to move on to A-levels and higher education.

Education reform groups, such as Article 26, claim that league tables have helped to cause this polarisation. Some councils ask teachers to give extra attention to children on the C-D borderline, a practice which seems inevitable while the government continues to express its rankings as a series of thresholds.

Local education authorities' performances can vary widely at different levels. Kingston-upon-Thames, for example, top council in the country on the five Cs measure, at 7.8 per cent of its pupils leave with nothing - ranking it only 55th.

Further, in English and maths compulsory subjects for all - full this year, suggesting schools are concentrating on helping students reach the

five Cs threshold, even if that means focusing on less important subjects.

Claims that league tables are distorting schools' behaviour will continue until the government asks for different indicators. The most obvious would be to ask for schools' average point scores - where a G grade was worth one point, an F two and so on. This would reward schools for making improvements across the board.

Such a points system is used by the government for comparing results at A-level. However, it still arrives at very different rankings from the FT's.

There are two reasons for this. First, the government's measures are geared to allowing direct comparisons between schools and further education colleges, where many students might take only one A-level as part of a predominantly vocational course. The government therefore asks for three measures: the average total points per pupil attempting two or more A-levels, the average of those attempting one, and the average points per each examination entered.

The FT's tables only take into account points per exam entry and total points per candidate - making no distinction between those only attempting

one and candidates taking full academic courses. There is a case for changing to the government's system, which many schools made forcefully to the FT, because the new GNVQs (vocational qualifications) intended to be equivalent to two A-levels are increasing in popularity.

Second, the government includes General Studies A-level in its figures, even though many universities do not recognise it, and some schools make it a compulsory "extra" to be attempted on the basis of only one or two periods each week. The FT excludes General Studies.

Only one school made it into both the FT's top 10 and the government's (judged on average points per pupil attempting two or more A-levels) - King Edward VI High School for Girls in Birmingham.

Three schools have pointed out errors in the FT's 1,000 survey. Lashmer School in Edmonstone, north London, should have been listed in the top 10 state co-educational schools; Kesteven & Grantham High, Lincolnshire, should have appeared in the top 10 state girls' schools. Holy Cross College, Bury, also corrected its points per pupil from 12.7 to 14.34, ranking it at about 870, rather than 939. Our apologies.



LE TEMPS
CHANEL

18 CARAT GOLD WATCH BRACELET OF CULTURED PEARLS ON FINE GOLD CHAINS SWISS CRAFTSMANSHIP

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FINE JEWELLERS ROOM HARRISONS LONDON SW1 WATCHES OF SWITZERLAND 17 KING STREET MANCHESTER

FASHION



□ Above: Italian style fur collar; brown wool and cashmere coat, with fake fur trim, £1,800 from Giorgio Armani, 37-42 Sloane Street, London SW1. (Tel 0171-235 6232)



□ Right: the skinny-boy look from Giorgio Armani: grey wool and cashmere coat, £1,300 available at 37-42 Sloane Street, London SW1. (0171-235 6232)

□ Far right: Bog-standard 'trad', can't-go-wrong-with: grey double breasted coat, £150 by mail order Next Directory (0345-100500) and from selected branches, for stockists ring 0116-284 9424



Urban camouflage for City toilers

In British cities, our favourite winter coat styles are largely becoming anachronisms. Iain Finlayson reports

A coat is a serious purchase, a big investment in money and style. In Manhattan, they do not take the matter lightly. After Labor Day, at the end of August, thoughts turn to autumn and warm and stylish clothes. Time to get some high-style and status.

Much the same attitude prevails in European cities, where the coat is a canon in the armoury of style.

Astonishingly, in Britain, and particularly in London, there is an unspoken consensus that the warm winter coat is sissy, and that possession of a coat implies that one is regularly and shamefully exposed to weather. It is normal to do without a coat for as long as possible.

Politicians and television interviewers are filmed buddied coatless outside Parliament. Cabinet ministers stride carelessly coatless along Downing Street, high-mindedly disdaining the chill wind of reality. This is so much the norm that exceptions are oodles of great public interest - the BBC's former political commentator John Cole was as famous for his big black and white herringbone-patterned coat as Douglas Hurd was for his tailored green loden.

A coat is certainly a hindrance in a car. But increasingly, the city is more easily and more quickly negotiated by foot. City centres are admittedly several degrees warmer than open country, but on windy streets and corners the wind can

still freeze the marrow.

Certain styles of coat are urban classics. Outside the boundaries of the City, jobbing Johns and corporate Kens become city slickers - objects of suspicion and mistrust even - particularly in their velvet-collared covert coats. There is a recurrent look disingenuously known as country-come-to-town, but it does not work in reverse.

The townsie has to tone down what he wears before the concrete under his city-slippered feet gives way to squelching mud under his wellies. Any country coat that has not been buried in a bog to mature for a few years is liable to stand out.

The classic town coat changes very little. For many, it is not a

whimsical item of fashion. The city coat is a basic, serious purchase. For sober souls, the options are solid camel, black or navy, in an expensive fabric, severely cut from an unchanging template.

The classic coat is urban camouflage; the fashion coat is urban periscope. If it is an annual impulse buy, you can afford to be flighty; if it is an annual no-nonsense career investment, you will go for the traditional coat that does not, like an excitable futures dealer, live gloriously for only one season.

The urban British city coat is a heavy-duty, structured piece of work - the opulent and impressive Chesterfield; the severely-cut navy slimline banker's coat; the solid British warm. The sheer substance

of such a coat is comforting in itself, and speaks sonorously of respectability, of no fears for a rainy or a cold day.

In fact, such a coat is increasingly an anachronism. It is as formal as a dinner jacket or a morning suit. It is good only on those occasions when an appearance of tailored decorum is traditional. It is as enduring and unchangeable as the British class system - which is not to say it cannot be hijacked by irony and subverted by style. Like any style icon, it is liable to be re-interpreted by post-modernists and shockingly exposed and deconstructed.

There are several options in this year's repertoire - the short to mid-length American-style car coat is

making a significant reappearance, reinvented by London and Paris designers, in direct contrast to the trend towards length, virtually to the point of dusting the shoes, favoured by the fashion gurus of Milan.

Although Italian designers - Armani, Dolce e Gabbana, Valentino, Gianfranco Ferré - another coat collar in fur, the principal feeling is for austerity: dark or sober colours, clean and uncomplicated lines, loose and straight-flowing from broad shoulders. The short car coat is more lively - big-collared, bulky, casual rather than tailored.

Designers for the youth market - Michael Kors, Katherine Hamnett, Jean Paul Gaultier - have opted for

the skinny-boy look with coats that revive the sharp, tight, tailored Mod mode in camel or pale-coloured wool, cashmere and camel. Set-in sleeves reduce shoulder width, high buttoning narrows and lengthens the torso, tailoring detail sharpens the silhouette. These are dandy little coats that carry the summer's fashion for ephebes through to winter. They are meant for the slim, slightly built young man.

Nevertheless, they look like they have the potential to punch above their weight: this is a new look that designers will be hard-pressed to ignore.

The big guy in the big coat will be shugging it out with the scrawny kid in the close-fitting fashion coat for seasons to come.

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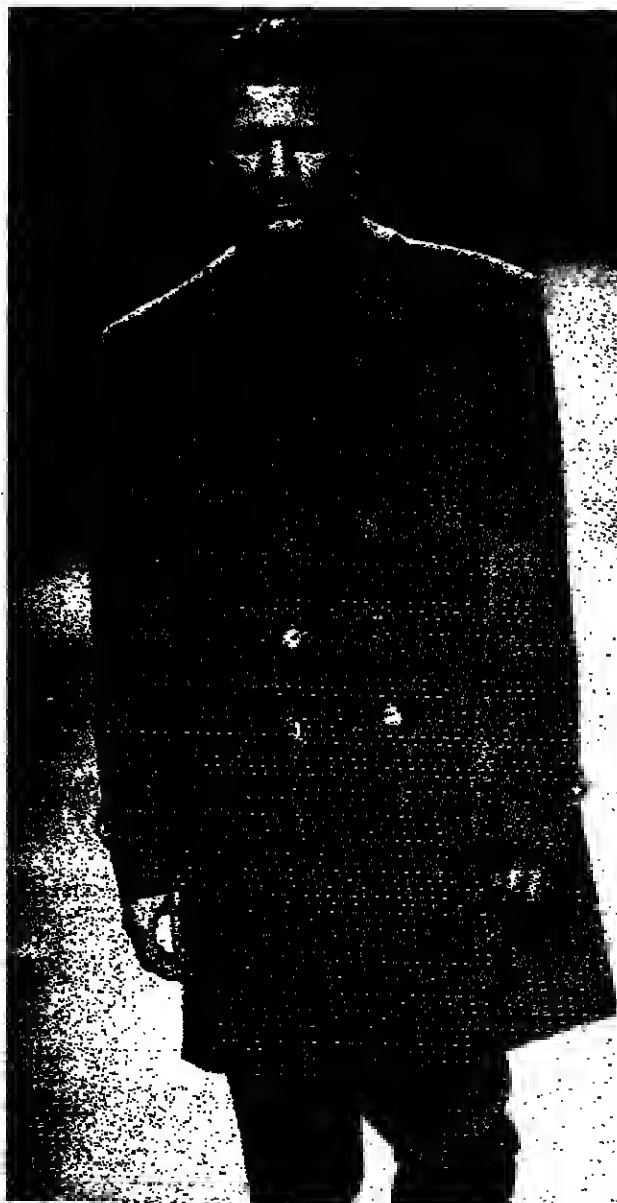
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□ Left: American-style car coat makes a reappearance: camel alpaca version, £355 from Paul Smith, 41-43 Floral Street, London WC2. (0171-836 7823)

Photograph (left) by
Niall McInerney

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FASHION

Invitation to winter wedding chic

Guests have the opportunity to be more dramatic and Bohemian at this time of year, writes Karen Wheeler

There is something indelibly chic about a winter wedding. Candlelit churches, Gothic castles festooned with berries and greenery, and champagne toasts around log fires are images that spring to mind. For most wedding goers, winter nuptials are a far more romantic and elegant prospect than the cold salmon and stifling marquee affairs of the summer months. The winter wedding invitation, however, also brings the dilemma of what to wear. Every guest knows the form for the summer ceremony, where a smart, colourful suit and matching straw hat invariably fits the bill, but a winter wedding requires more effort and thought. Not only are there practical problems to contend with - draughty churches and waiting in the cold - but just as the winter bride is likely to opt for a more inspired choice of dress, so something a little more dramatic and Bohemian is expected of the guest. Much depends on the mood and setting of the ceremony. Nearly 51,000 weddings, 17 per cent of the total figure, take

place in the UK between November and February and the figure looks likely to increase. Last year's amendment to the Marriage Act widened the scope of settings to include more than 400 licensed venues in the UK ranging from stately homes and hotels to castles.

"Such ceremonies tend to be more of a production. In fashion terms it means a more adventurous bride and a licence for the guests to dress more flamboyantly," says Carole Hamilton, editor of *You and Your Wedding*.

For trims, marabou feathers and dramatic accessories are perfect for a winter wedding. Guests are free to wear styles and fabrics such as velvet, satin and brocade, more normally associated with evening wear. It is a good idea, however, for guests to take their cue from the bride.

Charlotte Green, executive assistant to the managing director of Hermès, expects that most of the guests at her wedding in a candlelit Cornish church in mid-December will opt for evening style clothes with jackets over the top. The bride herself will be

wearing a two-piece ensemble of dark cream silk skirt and richly coloured, gold brocade top with a claret velvet shawl. "It will all be very Christ-massy - ribbons, greenery and red and gold baubles instead of fresh flowers as table decorations, for example, and because it will go straight on through to an evening reception, a lot of the guests will be wearing red or black - colours not traditionally worn at weddings."

For women who have never felt comfortable in craven colours the great joy of a winter ceremony is that a darker colour palette is acceptable. While the summer wedding dress code encourages vivid hues, the winter ceremony allows even the mother-of-the-bride to break free from the constraints of cobalt blue and opt for something a little more subtle. Deep jewel tones are ideal and fortunately fashion favours a palette of rich chocolate brown, plum, deep forest green and midnight blue. Rules are being broken all the time and even black, once considered a serious solecism, is now deemed acceptable for guests. The rule about avoiding white or cream at a white wedding, however, still stands.

According to A.J. Knight, fashion editor of *Brides And Setting Up Home*: "Guests should show consideration and never look whiter than the bride." Trouser suits are a good cold-weather option and are available in a wide choice of textures and fabrics such as fake ponyskin. A shift dress with a matching coat is another good option (you can simply take off the coat in the evening) while long-length skirts or breezy layers with a tailored jacket are a good alternative to the short, tailored suit - not least because they circumvent the question of sheer hosiery and exposed legs which have been deemed fashionable this season. Devotees of the tailored skirt suit should opt for something in a lush, more opulent texture than usual - Episode's pale pink suit in thick, sumptuous boucle, for example fits the bill perfectly. You cannot go wrong in a devoré velvet tunic and matching palazzo in deep plum or inky blue from Georgina von Etzdorf or English Eccentrics. At Liberty in London, fashionably opulent pleated silk

dresses and velvet jackets by Charles and Patricia Lester are popular with guests attending glamorous winter weddings - though with price tags of £2,500 it would have to be a particularly special wedding.

Selina Blow's signature Nehru Jackets in velvet, brocade or tartan - although not, she is quick to point out "the variety that decorates biscuit tins" - look extremely stylish. Blow suggests wearing a Nehru Jacket over a bias-cut satin slip dress. Her shop in Elizabeth Street, London SW1, also stocks neat satin bags by Lulu Guinness and gorgeous

shot velvet scarves by Harriet Anstruther.

As to hats: "Straw should be totally avoided. You have to choose a hat made from a heavier weight fabric to match

what you are wearing otherwise you look very unbalanced and silly," says hat designer Gilly Forge. Top hats, velvet and felt styles with high crowns, and anything sporting

plumage or marabou trims are good choices.

Make-up too is more fun for a winter wedding. Make-up artist Frances Prescott suggests emphasising the eyes with No.7's Colour Perfect Shadow in Nightshade and Lash Defining Mascara and using a deeper colour on the lips such as No.7's Morello Cherry while Blush Perfect Pearls in Spice add colour to the cheeks. Nails for winter should remain pale to look modern - try Lasting Nail Enamel in Petal.

Finally, you need a good pair of gloves and elegant closed toe shoes; while a fake fur muffler by Gilly Forge or a velvet shawl or scarf from Georgina von Etzdorf will help keep you warm in a chilly church.

Right: Burgundy velvet tunic, £420, and palazzo, £410 by Georgina Von Etzdorf, 149 Sloane Street, London SW1. Hat, £156, by Stephen Jones from Harvey Nichols, London SW1. Glass beads, £39.95 from Liberty, Regent Street, London W1

Below left: Oyster satin jacket, £215, and long wrap skirt, £185, both by Sara Sturgeon from Liberty, Regent Street, London W1. Satin mules, £238, by Philippe Model from Pied a Terre, 31 Old Bond Street, London W1. Earrings, £34, by Pellini, from Liberty

Below right: Green silk pleated dress, £1,245, by Charles and Patricia Lester from Liberty, Regent Street, London W1. Silver velvet Nehru Jacket, £440, by Selina Blow, 42 Elizabeth Street, London SW1. Fake fur hat, £78, by Gilly Forge, (mail order tel 0171-603 3833)

Right: Brocade jacket, £560, and silver satin dress, £360, by Selina Blow and satin bag, £145, by Lulu Guinness, all at 42 Elizabeth Street, London SW1. Navy velvet hat, £295, by Herbert Johnson, 30 New Bond Street, London W1. Shoes, £249, by Michel Perry, Pied a Terre, 31 Old Bond Street, London W1

Photographer: Chris Bracowall
Stylist: Karen Wheeler
Hair: Davide Diodovich at DG International Hairdressing, 30-35 Drury Lane, London WC2
Make-up: Frances Prescott using Boots No.7



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HOW TO SPEND IT

New York: the buzz, the biz, the fun, the chaos

Lucia van der Post enjoys the helter-skelter of the Big Apple

If you live in New York it may be wearying, but to the visitor the chaos, the frantic buzz, the bustle and bravado are all part of its charm. And when it comes to chic streets and shopping, New Yorkers are spoiled for choice.

Biggest, best, glossiest, whackiest, strangest, looniest, wherever your tastes lie, it is all in there somewhere. No city in the world is more skilled at making you "need" the sort of things you never knew existed until you went there.

Shopping is a seriously competitive sport. It may leave you with empty pockets but one thing is certain - you will have had a lot of fun along the way. You will not be there long before you discover that fitness and health are the new religions and that age (anything over, say, 17-years-old) is the big bogey.

Television screens are filled with beautiful blondes, skins smooth as peaches, panicking at the merest hint of a wrinkle. The great trouble is this anxiety is catching.

While ealing my room-service muffins to the soothing tones of a certain Dr Howard Murad, an eminent dermatologist, and heaves of beautiful patients all attesting to the wondrous powers of his Advanced Glycolic Formula, I found myself reaching for my credit card and about to dial the 1-800 number.

I was up in a trice and

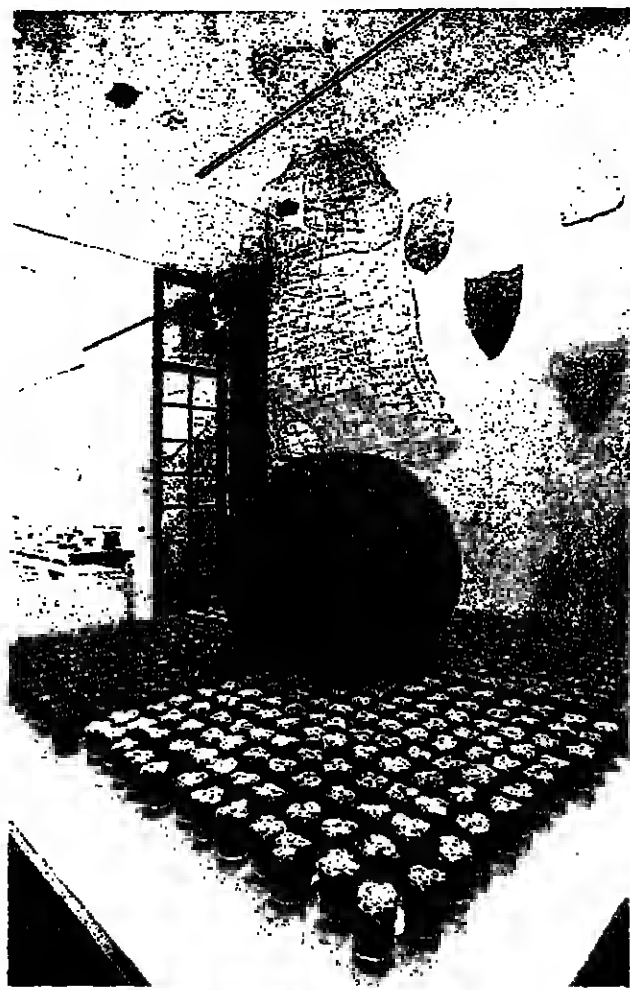
rushed straight on down to Barney's to avert what might become a severe dermatological catastrophe unless I took action fast.

Barney's, at 61 Madison Avenue, is where all the newest beauty names are to be found. Its absolutely frenetic lunch-time rendezvous is aptly named Mad 61.

The grand ladies who used to preside over the beauty scene (Elizabeth Arden, Estée Lauder, Helena Rubinstein *et al*) are being given the run-around by a thriving young bunch of make-up artists, all of whom are developing beauty lines of their own which are up-to-the-minute and competitively priced.

They have so rattled the established cosmetics world that the bigger companies are trying to buy them (Estée Lauder, for instance, has bought 51 per cent of Mac as well as the British distribution of Bobbi Brown).

Barney's (with Mac, Trish McEvoy, Francois Nurf and others) and Bergdorf Goodman (with Bobbi Brown) are slugging it out on the beauty counters using hip make-up ranges as bait. If you have the nerve you can spend a jolly morning trying them all out, having your face made-over and get away without spending a dime. For the record, brown lipstick (Mac's Mokka and Bobbi Brown's Mokka Stain) is all the rage and you shine it up with lipgloss. You can buy it in



Eastern aesthetics at Tokashimaya

the UK but it is cheaper in the US.

Barney's has, for the last couple of years, been the must-see store on any shopper's list. Its clean, modern, architectural style makes it a delight to wander through but its thunder has been stolen recently by Calvin Klein who has opened his achingly chaste, pared-down, minimalist store just up the road at 654 Madison Avenue.

Designed by John Pawson, the British architect, it is, as *Harper's Bazaar* so aptly put it: "So beautiful. So white. So... empty." Prices you should know, in case you find a frock you fancy, are far from chaste.

When it comes to inciting sheer naked acquisitiveness the jewel-like Tokashimaya, at 693 Fifth Avenue, would be hard to beat. It offers a tightly-edited, exquisitely beautiful selection of everything from beauty products and antiques to clothing and jewellery, with a strong bias towards the hand-crafted and the one-off.

Eastern aesthetics are much in evidence with some especially fine antique Japanese ceramics on sale. Breath-takingly beautiful, sophisticated and not as expensive as you might expect. You could perhaps contemplate a bar of soap.

Bloomingdale's lingerie department continues to be source of endless delight. Since I last checked it out the whizzo thinkers at mission control in the big lingerie companies have come up with new ranges of garments designed to deal with problems you never knew you had. Smoothie ("Does What Your Diet Doesn't") is the company to watch. It offers the "Waist Eliminator Brief", the "Tummy Terminator", and "Tight Tamer".

New-age thinking is everywhere. Felissimo on 10 West 56th Street is the new age department store, small ("small" you will remember, being "beautiful") and propped with suitably tiny departments with names such as The



Chaste, pared down, minimalist: the new Calvin Klein store

Republic of Teas, stocking goods such as candles and eco-friendly linen. New-age people take their beauty treatments at Carapan (Pueblo Indian for "retreat and renewal") at 5



West 16th Street and they go to Star Magic, 73 and Amsterdam for their spiritual appointments.

Century 21 (downtown at 22 Cortland Street) a hot-shot Wall Street investment broker told me, is where she and her male colleagues go to trawl through three floors of

designer clothing (Donna Karan, Calvin Klein and all the rest) at marked down prices.

Of this many small women's fashion shops which New York has to offer, a particular favourite is Morgane Le Faye at 745 Madison Avenue. Less for the ladies-who-lunch set, these are clothes for those who like a more restrained though quirkier style. If Yohji Yamamoto and Issey Miyake are your taste, then Morgane Le Faye will be the shop for you.

At the high designer end of the scale there is Charivari 57, 18 West 57th Street, where the taste is exquisite, the selection careful and the prices high.

Product, at No.71 Mercer Street, SoHo, is the hot new shop for the young set. Here the "won't-get-out-of-bed-for-less-than \$10,000 a day" set do their shopping and Sophia Coppola, daughter of film director Francis, is a regular. It seems to specialise in the Prada look at non-Prada prices - silk-satin sleeveless shift dresses and long strapless sheath dresses -

for evening. Silk charmeuse shirts are in lots of pretty colours including purple, lime-green (lime-green is what you will be wearing next spring) chocolate and plum satin. There is also a selection of fun clothing such as funky monkey fur coats in lavender or sky-blue.

Old Navy is a chain new to me but its latest branch was opening (610 6th Avenue) to great publicity while I was there.

It looks set to give Gap a run for its money, offering the same kind of preppy look for children and adults. On the opening day, nylon ragdolls in bright orange and yellow were being stuffed into huge black mesh carrier bags and men's sporty fleece jackets were, as they say in the trade, "walking out of the door".

If you are looking for items for the home, New York, has more to offer than ever before - your main trouble will be carrying it all.

ABC, at 888 Broadway at

119th Street, is, in my view, the best home department store in the world. It is mind-boggled, chaotic and boasts no such thing as a consistent eye or a finely tuned editing hand - instead every floor of this giant warehouse is different in mood and flavour and you can take your pick from colourful Mexican and cast-off 1930s furniture to charming rugs and bric-a-brac.

Pottery Barn (seven branches in New York alone - of which perhaps the most central is 117 E 59th Street) and Crate & Barrel (860 Madison Avenue) offer stunning value for money. The style of each is clean, easy to live with and, compared with anything in Britain, incredibly well-priced. Go for glass, china, candlesticks, cute salt and pepper sets.

In SoHo there are lots of wonderful shops with beautiful and quirky things for house and home - look out for Zona

Continued on next page

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The serendipities continue. When did you last enter an elevator that was a work of art? Where a white-gloved operator whisks you silently up to your floor.

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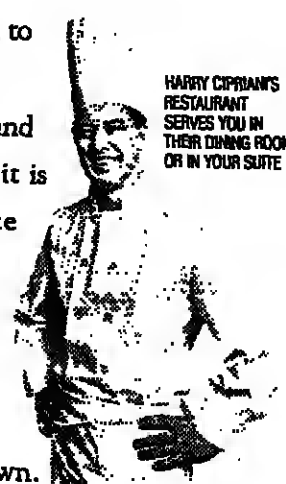
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HOW TO SPEND IT



Beauty lines from make-up artists are ousting the old, big names

From previous page

(97 Greene Street), for Portico Bed and Bath at 379 West Broadway and Wolfman Gold (116 Greene Street). And while you are there do not miss Dean & DeLuca (560 Broadway and the corner of Prince Street) where the SoHo loft-set cruise the aisles for pastas, cheeses, herbs, teas, and drink a cappuccino at the bar.

Appliances Overseas, 278 5th Avenue, is the place for cut-price mobile phones, answering machines, computers, fax machines and all the other gizmos that are deemed essential for hip mid-1990s' life. Do as New Yorkers do and try to cut a deal - the shop will also pack and ship.

Do not forget the Metropolitan Museum of Art (5th Ave-

nue and 82nd Street) - dip into the Oceanographic art (or Graeco-Roman or whatever else you fancy) and then visit one of the world's most attractive museum shops. Wonderful books, paper and cards.

Every Sunday afternoon there is a flea market on 6th avenue and 26th Street - get there early - and you can find anything and everything there if you have a discerning eye and a fair for bargaining - in particular good antique and retro spectacle frames from Fabulous Fanny's.

For more antiques check out Annex Antiques Fair and Flea Market, 6th Avenue and 25th Street. For antique clothing the Antique Boutique on lower Broadway at 712 is on many a New Yorker's shopping beat.

If you have ever wondered why New York women seem to have such great hair and nails the answer may be that it is easier to get them looked after there than anywhere else I know.

Almost every street corner has a Jean Louis David salon (young, modern and very quick) where you can just walk in (no appointment needed) and have your hair cut, blow dried and set for \$16.50. Korean manicurists all over town (I can recommend Shalom on Lexington Avenue) do quick expert work for about \$30.

You will, I do assure you, seem tired and out of touch if you opt for a pale and lady-like French manicure - be daring and go for up-to-the-minute dark purple, almost black (of which the apogee is probably Chanel's Rouge Noir).

Almost all the department stores have excellent collections of menswear (a personal favourite is perhaps Barney's and Paul Stuart seems to be

the favourite for the smart East Coast preppy look) but there are other smaller, more interesting places to shop.

Those whose tastes run along gentlemanly lines, but who nevertheless like a little wit and nonchalance about their person, might like to shop in the peace and quiet of a small, chic, upper Eastside men's shop called Peter Elliott, at 1070 Madison Avenue. There is an amazing line in nifty ties, button-down shirts, and the kind of attention that brings him customers from all over the US.

New Republic on Spring Street, and if in SoHo are three smaller boutiques for the sort of chap who works in the creative industry - or at least hopes people will think he does.

No one in New York, who is not getting paid to do it, seems to cook (a spot survey reveals that the average fridge contains a bottle of champagne, a bar of chocolate and packets of vitamins) so restaurant culture remains a matter of high import.

Upper Eastside neighbourhood eateries which are currently chic include Sette

Mezzo, 969 Lexington Avenue, where the food is terrific and the clientele worth watching. Coco Pazzo, 23 East 74th Street was absolutely packed when I was there and ICI at 19 East 69th Street is worth a visit.

Where to stay: For utter bliss: The Carlyle, Madison Avenue, E 76th Street. Old-fashioned (in the best sense of the word) with a sense of old-style New York and an air of serious luzz.

For work-out freaks who feel insecure when far from a spa or a massage - and who prefer to stay mid-town - try The Peninsula, 700 Fifth Avenue at 55th Street. International, up-to-the-minute and with a much-frequented spa.

For those who believe small is beautiful, The Lowell, 28 East 63rd Street is quiet, charming, spacious and special.

For the hip designer/media/advertising world set I recommend The Royalton, 44 W 44th St. Philippe Starck's theatrical design makes it worth the pilgrimage and, my dear, anyone who is anyone in the media may be seen lunching there.

Current rate of exchange is \$1.56 to the £.

Beauty editors' tips

Go to Cosmetics Plus for delectable small beauty items that you cannot obtain in Britain, particularly inexpensive obscure items for nails and hair. Choose giant-sized bottles of Matrix Conditioner or Logics Conditioner (both for the hair), almost anything by Maybelline - but particularly its Great Lash mascara (\$4.18 and very lustrous) and its Rolling Kissing Potion (\$14.19) for the wet, wet, shiny look. Estée Lauder's Thigh Zone (not available in the UK until the spring) is the latest attempt to deal with cellulite. Power Bars are the healthy snack - 'all the nutrients of a banana but it won't squish in your bag.'

Take advantage of chaos in the electronics world

Alice Rawsthorn finds bargains and innovations in a buyer's market

Even if you are one of those unfortunates who bought a Beta-max rather than a VHS as their first video cassette recorder, or who splashed out on a Rabbit mobile phone, at least you can feel confident that there are plenty of electronic bargains on the market this Christmas.

The electronics industry is in a dreadful state - and the consumer is chief beneficiary. Weak sales in the main markets of Japan, the US and Germany, coupled with growing competition from emerging Asian producers, such as Samsung and Goldstar in South Korea, has placed the Japanese and European electronics giants under tremendous pressure.

Manufacturers have continued to upgrade existing products and introduce new ones: from the digital camcorder, to the new wave of wide-screen televisions and the forthcoming digital video disc systems, due to go on sale late next year.

But they have also had to cut prices, which means that in many sectors consumers can buy higher quality electronic products more cheaply than ever before.

Televisions

One of the main areas of innovation is in televisions, with the introduction of wide-screen televisions, already popular in Japan, to Europe as PALplus standard sets. The PALplus format offers improved visual and sound quality and enables films to be viewed in their original cinematic proportions.

Wide-screens are the same shape as cinema screens and at first it was thought they would be a cult product. The Japanese experience has shown, however, that they appeal to a broad range of film and sports fans.

The wide-screen was launched in Japan three years ago, but accounts for a third of all TV sets bought there this year. Sales have been slower to take off in Europe, largely because there is relatively little PALplus programming. So far sales have been strongest in Germany, where PALplus programming is more common. Nokia was the first manufacturer to launch wide-screen in Europe, but others, including Sony, Philips and Grundig, have since followed. Sony's wide-screens range in price from \$900 for the WSI series to \$2,800 for the most expensive of the WSS series. Sony also offers a portable wide-screen set, the KV-16WT1, at \$400 for use with video games.

Games

By far the most dynamic area of the electronics market this year has been video games.



The market lost momentum during the past two years as consumers waited for the new generation of powerful 32-bit systems to come on sale. Sales have picked up with a vengeance since their launch.

The main focus of interest has been the Sega Saturn, launched this summer, and Sony PlayStation, which was introduced this autumn. Both offer faster games and more vivid visuals than the old 8-bit and 16-bit games systems and both are priced at \$299.

So far the PlayStation seems to have an edge over the Saturn in sales terms. Some shops sold out in the PlayStation's first weekend on sale. Both Sony and Sega are shipping more systems - and software - into the UK before Christmas, but shops are still running low on stock.

Camcorders

Sharp has led the field in the camcorder market following its introduction of the miniaturised viewing screens that show what is being filmed. But Panasonic and Sony are fighting back with the launch of the next wave of digital camcorders.

These camcorders offer "videophiles", at the very top of the amateur photographic market, digital technology, and superior editing facilities and picture quality. The Sony SCR-VX700 and DCR-VX1000 sell for £2,800 and £3,500; whereas Panasonic has replaced its award winning standard camcorder, the NV-S90, with the NV-S77B and NV-S88B costing £1,000 and £1,200.

Audio

The audio market has become a minefield as manufacturers have launched new formats. So

medium, CD-Plus, which is designed to fill the excess capacity on audio-CDs with sounds, data and video images. The record companies, which have had little success in persuading consumers to buy musical CD-Roms, have ensured that CD-Plus discs can be played on CD players like ordinary discs, but can also be played on the CD-Rom drives of personal computers.

Another more discreet development is a recordable version of the compact disc. The first recordable CD systems came on sale in 1990, at a price of \$4,000.

Prices have since fallen and the systems are now used by professional musicians and by companies that need to make copies of CD-Roms. Philips is selling a CDD3000 recordable CD system for £1,300 and the price is expected to be halved by the end of next year.

Digital Video Disc

If 1995 was the year of the 32-bit games system, the electronics market in 1996 seems sure to be dominated by the launch of the digital video disc. These systems, which combine the functions of video cassettes, audio-CDs and computer discs, are seen as the industry's next big product.

The hitch is that, until recently, the world's leading consumer electronics companies seemed set on a collision course by launching two competing DVD formats, as Sony and Panasonic did with the Betamax and VHS for the video cassette.

The industry has been seeking a compromise since August. If one is reached, it is hoped that the first DVD systems will be on sale in Japan before next Christmas and launched in the US and Europe the following year.

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FOOD AND DRINK

So cheeky, these chaps

Philippa Davenport with some more ideas for foodie presents

Champagne and caviar will never make as memorable a present for the chocoholic as a high-rise stack of favourite chocolate bars.

The largesse implied by a dozen tins of top quality anchovies will make the anchovy addict's heart sing, giving pleasure out of all proportion to the cost involved. The spirits of Italianophiles will soar at the sight of a kilo bunk of fine Parmigiano cheese.

Below are one or two foods which might be worth considering this Christmas. I have given suppliers I judge to be particularly good, and who boast the added advantage of making doorstep deliveries.

Some of you may decide to treat yourselves in the firm belief that every cook deserves a present for their Christmas larder.

SMOKED EEL

Good smoked eel is a great delicacy and Michael Brown, of Brown & Forrest is, simply, Britain's best speciality producer.

His eels are beautifully flavoured and succulent, firm-fleshed and as rich as butter. Served with generous wedges of juicy lemon and black pepper to temper the richness, or *crème fraîche* well laced with grated horseradish or mustard, smoked eel makes a magnificent alternative to the smoked salmon that has become a Christmas Day cliché in many households.

It is excellent too as part of fishy *hors d'oeuvres*, and I particularly like to make a real meal of it with a warm potato and wilted watercress salad dressed with mustardy vinaigrette or a parsley and caper salsa verde.

Brown's eels are freshly hot-smoked to order, vacuum packed and chilled before dispatch. This means they can be sent by first-class post without loss of quality during winter months.

Fillets are posted in padded envelopes small enough to slip through a letterbox so it is not essential for the recipient to be at home to receive them.

Whole eels - simplicity itself to skin and bone, and even more highly recommended than fillets - arrive packed in cardboard tubes clearly marked "perishable". Instructions inside each parcel explain that the product should be refrigerated on receipt (or frozen for long storage) and is best eaten within four to five days.

Specific delivery dates can be requested and gift cards (your own or theirs) can be included with orders intended as presents. Last orders for delivery by Christmas must be received by Brown & Forrest no later than Monday December 18.

One pack (227g/8oz) of

smoked eel fillets costs £3.50 inc p.p. Two packs or more to the same address cost £3 each inc p.p. Whole smoked eel costs £3.50 per lb and the average eel weighs 1½lb.

Orders and inquiries to Brown & Forrest, Thorney, Langport, Somerset TA10 0DR. Tel: 01458-261520. Fax: 01458-253475.

BATH CHAPS AND TRADITIONAL BACON

Wiltshire is traditionally famous for fine pork products. Bath Chaps among them, a local speciality still remembered with greedy pleasure by many over the age of 40.

Bath Chaps are a rare treat today but still made, I am happy to say, by one small producer in the region: Roger Keen, his wife, Rosemary, and daughter, Charlotte, of Sandridge Farm. Their pigs are raised and cured in a time honoured manner.

A Bath Chap is made from the cheek of a pig, cured, cooked and coated with bread-crumbs like a miniature ham. It is juicy and full of flavour - because the cheek of traditional breeds of pig has a good ratio of fat to lean, and fat, of course, equals flavour.

Bath Chaps are small just the right size for single people and couples, for whom even a half ham is just too much of a good thing and they are agreeably cheap.

Weighing an average 1lb-1½lb each, boneless and therefore without waste, they are a bargain delicacy at £2.50 each. Sandridge Farm sells them vacuum-packed for refrigeration with clearly marked eat-by dates but they can be frozen for longer storage.

Sandridge Farm also produces a range of hams and proper bacon made as it should be, not the ersatz sort that exudes white pus as it cooks. The bacon comes in 500g packs (just over 1lb) and is available smoked or green. Prices per pack range from £2.30 for green streaky bacon to £3.50 for smoked back.

Normally, rashers are cut medium-thick, but orders for four packs or more can be sliced as thick as the customer wishes, or very thin indeed, as I like it best (the equivalent of No.2 on an old-fashioned bacon slicer), so the fat frazzles and crisps deliciously as it cooks.

Sandridge makes a flat delivery charge of £10 per delivery address, irrespective of weight. Deliveries are by overnight courier as requested. Christmas deliveries must be ordered by December 9.

Telephone or write for an order form. Orders are not taken over the telephone, nor are Visa or credit cards accepted. Sandridge Farm, Bromham, Chippenham, Wiltshire SN15 2JL. Tel: 01380-850304.



David Dorricott: chef to a nation's legislators

Catering for political whims

Nicholas Lander meets the man in charge of 90 chefs and nine kitchens at the House of Commons

David Dorricott, executive chef to the House of Commons, is in a unique position for a London cook - that of not having to win new customers for his business.

He is in overall charge of the Commons' 90 chefs and nine kitchens and, to a large extent, has a captive clientele. Originally designed to feed 2,000 a day, the Commons catering operation currently feeds 4,500 (a total of 328,000 meals last year). And the customer profile could not be wider, from security and cleaning staff to the prime minister and visiting heads of state.

However, Dorricott says his mission is simple: "I want to feed them all better. I want these kitchens to be as professionally attractive as the buildings are architecturally stunning so that we can recruit the best chefs and make these res-

taurants a showcase for Britain."

After 15 months in the job Dorricott feels he has accomplished barely 10 per cent of what needs to be done.

He used to be executive chef at a top London hotel and admits that he found working at the Commons a very different experience.

Dorricott says he has had nothing but support from Colin Shepherd, MP, chairman of the Commons catering committee, to whom he and Sue Harrison, director of catering services, report. However, when he arrived he found a very unenthusiastic outlook in the kitchens.

"My predecessor had been here for over 20 years, his No.2 and No.3 just as long. The average length of employment for the chefs was over 15 years. The kitchen staff had no idea of what was going on in other London kitchens and no one

new wanted to come and work here because they thought all we served was overcooked roast beef and soggy vegetables."

Some of the dishes in The Churchill Room, the most upmarket restaurant, for MPs only, testify to the change: Cornish crab cakes; a leek terrine; quail pigeon with risotto; maize fed chicken with bubble and squeak. For the State Opening of Parliament this month the Members and Strangers Cafeteria served carrot and coriander soup and poached salmon with dill sauce.

Menus in the other restaurants included chargrilled autumn vegetables with a red pimento dressing, and roasted rib of black Angus beef with a salt crust.

Dorricott says: "At 9am every day I have a meeting with all my sous chefs, something that was never done before. I found that there were plenty of chefs here who were frustrated, who wanted to improve but couldn't."

Dorricott took advantage of his professional contacts and sent chefs for work experience at Boodles, The Ritz and to Gary Rhodes at The Greenhouse. Dorricott hired new staff, including chefs Laurence Colmer and Nick Doyle, who have both cooked for inter-continental hotels.

"When I took over there was not even a market sheet to order the next day's produce. It was all done on bits of paper." Systems were installed to control and upgrade the quality of fresh produce and Dorricott was given permission to use the Speaker's kitchen, used twice a week at most, for training his staff during the 14 weeks a year when there is no parliamentary business.

Then it was time to tackle the MPs. "There was a complaints book but it was really a complaints and suggestions book which gives you some idea of how we chefs were thought of. I asked for a new phone/fax so that I could place

all my orders but this was turned down. These phones, I was told, were reserved for members and officers of the House but eventually I got one. They thought chefs could not be managers, that we stirred soup with one hand and had a bottle of beer in the other."

The showdown came a year ago over vegetables. The kitchens used to offer 12 different vegetables, at least three of them frozen, to accompany any of the main dishes. "It was chaos. In the restaurant that

Uproar ensued when the choice of vegetables was reduced from 12 to four. One MP became very irate.

would serve 250 a night, a table of four MPs would come in and order individually because they were paying individually. The kitchen would start their orders but others joined the table. The first MPs would have to go off so they would call for their main course and this system meant that the kitchen was struggling with 1,000 individual vegetable orders. You could not control it let alone cook the vegetables properly."

Instead, Dorricott decided to offer four fresh vegetables a day to ensure they were correctly cooked.

Uproar ensued. One MP threatened to ask for the chef's dismissal. Finally, when the head waiter reported that there was one particularly irate MP, Dorricott offered to break convention and go into the dining room.

"It was Nicholas Soames, MP, Minister of Defence, whom I knew because I had cooked for him when he was Minister

of Agriculture and we were promoting British food in Paris."

"I explained exactly what we were doing and why - and he understood. The communication here has been terrible."

"When Betty Boothroyd, the Speaker, was organising a dinner I suggested menus and offered to cook them for her to taste. I had suggested carrots as one vegetable but the message came back that she did not like them. I cooked them anyway and found out that she loved carrots, she just did not like badly cooked carrots!"

It was just before lunch when Dorricott took me on a tour of the maze that constitutes the Commons' kitchens and dining rooms.

"Three weeks after I started the catering committee asked my opinion. I replied that I needed more time - at least until I could find my way around - only to be told by one member that he had been here 12 years and still got lost."

What I saw and ate, was certainly evidence of the pursuit of excellence. Upstairs two chefs were carving perfectly cooked, pink legs of lamb for a lunch for 60. The smells from the kitchen serving the 1,000 meals a day in the Members and Strangers Cafeteria were encouraging. My lunch in the Churchill Room, a warm chicken salad followed by a seared fillet of sea bass with

potatoes Anna, was excellent.

So were the prices: £3.95 for a plate of Forman's smoked salmon; monkfish at £7.80; oxtail at £7.50 and fillet steak at £3.50. The refreshment department's financial goal is to make a return of 5 per cent on the cost of food and wages. It manages to achieve this by mixing the core business of feeding MPs and Commons' staff with the increasingly profitable use of its dining rooms and terraces for banqueting and parties for outsiders. Last year banqueting income was up by £117,000.

The refreshment department's turnover for 1994/95 was £3.8m. This includes the two souvenir shops which take £20,000 a day in December selling House of Commons sherry, whisky and port. It exceeds its expected rate of return, handing over the surplus to the Treasury as a partial contribution to the £17m improvements being carried out to the kitchens and dining rooms.

Dorricott feels he has made good progress but, as to the future he says: "After the next election there will certainly be a younger body of MPs who will have eaten out more and therefore be more demanding. Records show that when ever there has been a Labour majority our banqueting business has suffered as they seem to entertain less. But there is plenty to do before then."

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مكتبة العصر

FOOD AND DRINK

Take your pick of Paris markets

Nathalie Lemoine goes food shopping in the markets and streets of the French capital

With its 58 open-air markets and 13 covered food markets, Paris is dotted with good places for fresh food. Three in every four Parisian households go to a market at least once a week. And there is no reason why Britons, *franc* permitting, should not join them now the Eurostar has made Paris to London rail travel so convenient. In the run-up to Christmas a trip to the French capital in search of market produce and a good lunch has a certain appeal. Even though the city has lost its wholesale trade at les Halles - it has gone to Rungis near Orly airport - its abattoirs (La Villette and Vaugirard) and its *foire au jambon* (food fair), it has more retail food markets now than it did in the last century.

Colourful Parisian markets have a life of their own: they appear twice or three times a week in each neighbourhood. Not all districts have kept a real market place, such as Auteuil (16th arrondissement) or Place Monge (5th), so stalls have often settled in the streets. At Montparnasse the market is fortunately situated on the central reservation of the boulevard Edgar Quinet, under acacia trees. In the 15th arrondissement, in areas such as rue St Charles or rue de la Convention, shopping is less convenient as the market is split on opposite sides of the street. But finding one's way on narrow pavements crowded with people at least has an authentic charm.

Some streets are rightly renowned for their food specialisation. The following, located within a walking distance of an open-air market, are the good addresses to go to (except Mondays):

■ Rue Montorgueil with rue Montmartre, near les Halles, is what is left from *le ventre de Paris*. It is still a good place for oysters, mediterranean products, fruit hampers (starting at FF200 plus delivery, a speciality of les Vignerons St Eustache), and for the pâtisseries Stohrer and its famous *"pâté d'amour"*. Nearby rue Montmartre retains two or three good suppliers of good foie gras, pâtés and hams.

■ The sloping rue Mouffetard (5th arrondissement) is worth the trip not only for sight-seeing. Rue de Buci-rue de Seine (6th arrondissement) has a style of its own, with its cafés, two delicious pâtisseries (Bonbonnière de Buci and La Vieille France), delicatessen and flower shops. Two minutes away in rue Dauphine are two sausage specialists, Conesmon No.30 and Claude Charles (No.10) offer an extraordinary range of black and white puddings for Christmas.

■ Rue de Levis and rue Poncelet (17th arrondissement) are among the best areas for food shopping on the right bank. Pop in to Alléouze at 13 rue Poncelet for top quality cheese.

In Paris each market seller has a different way of capturing the passer-by's attention, with typical accents, expressions and calls such as *"Allons-y Messieurs-Dames"*, a reminder of the 19th century "shouts of Paris". To get the best choice and the freshest products, get up early.

Think about starting your shopping at 7am. To get good bargains, arrive late, around 1.30pm, just before stallholders pack up. They often get rid of their surplus stock at reduced prices then.

Self-service is becoming usual for fruit and vegetables stalls and, as queuing is not a Frenchman's cup of tea, expect a joyful chaos at peak hours. Most fruits and vegetables come from the wholesale market at Rungis but it is still possible to find sellers coming from the countryside with their own home-grown produce.

This is particularly the case on Sundays at the organic food market boulevard Raspail (6th arrondissement), which is a place to go to for the best range of salads, aromatic herbs, forgotten apple or vegetable varieties, or for additive free sausages and special breads. The rest is often overpriced.

If greens give an attractive look to a market, the fish and cheese on offer is usually a precious indication of the level of quality.

The range of fish and shellfish in rue St Charles or boulevard Edgar Quinet, for example, is really superb, with lobster currently selling at FF150 per kilo, before prices



The fish market in the rue Gambetta

rise in the run-up to Christmas, or whole coquille St Jacques at FF100 for 5kg. For exotic and beautifully coloured fish, the African market of Chateau Rouge is worth a visit. In summer, women in traditional African dress also sell warm sweetcorn in smoking bags.

Ordinary cheese is rarely good value in open-air markets. But there is generally at least one good seller of cheese on each market.

The Champion de Paris is strangely not always at its best on Parisian open-air markets, except when sold by specialists, but wild mushrooms, such as cep and chanterelle, are freely available in season.

Locals care deeply for their covered markets and have occasionally fought hard to keep them alive. Many of these

have been protected for their architectural interest. The famous marché St Germain near St Germain des Pres (Vienne) has been beautifully rebuilt but the true Parisian will tell you it is no longer as lively as it used to be. The spirit of the place has gone.

The largest covered market is Les Batignolles (17th arrondissement) with 68 different stalls, followed by the marché St Quentin (near the gare du Nord), with 55. Smaller in size are the marché Secrétan (18th arrondissement) and the marché d'Aligre-Beauvau (12th arrondissement) cherished by Parisians for their picturesque nature as well as reasonable prices.

For good food, good bargains, or just to feel like a native Parisian, market shopping is worthwhile.

Les marchés

- Covered markets
 - Marché Saint Germain, 3 ter, rue Mabilion, 75006 Paris
 - Marché Saint Quentin, 95 bis boulevard de Magenta, 75010 Paris
 - Marché Beaumarchais d'Aligre, between rue d'Aligre and rue de Cotte, 75012 Paris
 - Marché des Batignolles, 68 bis rue Lamoignon, 75017 Paris
 - Marché Secrétan 33 avenue Secrétan, 75019 Paris
- Open-air markets
 - Marché Monge, place Monge, 75005 Paris (Wednesday, Friday, Sunday)
 - Organic food market, boulevard Raspail, between rue du Cherche-Midi and rue de Rennes, 75006 Paris (Sunday)
 - Marché Edgar Quinet, boulevard Edgar Quinet, 75014 Paris (Wednesday and Saturday)
 - Marché de la Convention, rue de la Convention, 75015 Paris (Tuesday, Thursday, Sunday)
 - Marché St Charles, rue St Charles, 75015 Paris (Tuesday, Friday)
 - Marché d'Auteuil, between rue d'Auteuil and rue Fontaine, 75016 Paris (Wednesday, Saturday)

Cognac A catholic love of spirit

Giles MacDonogh in the Charente

Cognac and Jarnac are the twin poles of the brandy business. Jarnac is quiet and Protestant, its social life dominated by Hines and Delamains. Cognac is quiet and Roman Catholic. Here the Martells and the Hennessys have ruled the roost for two centuries and more.

They are but four cognac producers, there are a great many more, 2,948 to be precise. Many of these never see where their brandy ends up once it has left the arched gateways of their Charentaise farms.

They probably never get the chance to taste it in its mature form, unless, that is, they have stowed a cask away in a safe, cocooned place: *derrière les fûts*, or "behind the logs", as the local expression has it.

Hennessy cognac is the number one brandy in Ireland. This is hardly surprising. Richard, the first Hennessy in the business, came from Ballymacoy in County Cork and left for France in the middle of the 18th century to join the Regiment de Walsh, one of four Irish units in the French army. When his son James was born in Ostden in 1763, he sailed to the Ile d'Oléron and began trading in brandy.

Despite his personal Catholicism Richard Hennessy seems to have had no problem doing business with Protestants. He gravitated towards Bordeaux where he went into business with the brothers Hercules and John Skinner.

On the eve of the French Revolution he moved to Cognac where he went into partnership with another Irishman called Samuel Turner.

Cognac traders did well by the Revolution. Hennessy's present headquarters, the town's former Franciscan friary, was acquired when church land came up for grabs.

Later, Hennessy and Turner won the lucrative contract to requisition all existing stocks of brandy for the French state. This did not stop them from passing a considerable amount to the British via neutral ports such as Antwerp and Hamburg.

Eventually Turner moved to Hamburg to see that everything went smoothly. It was a time for running with the hare and hunting with the hounds. Turner faded from the stage of history, but the Hennessys continued their ineluctable rise. For a century, Hennessys were a regular fixture in the French chamber and senate: a gallic prototype for the Kennedys if you like. But they never ranked higher in government than a minister of agriculture. Since the second world war their political ambitions appear to have slackened.

In spite of their presence in the *gratin* of Paris and Cognac, the Hennessys continued to play an innovative role developing the cognac trade which was at its peak in the second

half of the 19th century, at a time when rival eighties from Cognac and Jarnac were racing another down the Charente river, if not indulging in other, Anglo-Saxon, sports.

It was a Hennessy who, twisting the stellar-patterned knob on his French windows, conceived of the use of three stars to designate decent cognac: VS (very special), VSOP (very special old), XO (extra old) were also their formulations.

In 1971 Hennessy was rolled into the massive LVMH group and its identity has sadly ebbed away. There are still plenty of Hennessys working for the firm, however, such as Maurice, a familiar figure in the British racing scene.

Hennessy is a huge operation today, buying in as much as 95 per cent of its needs in the form of wine or spirit. This is where the bulk of the other 2,947 producers come in: they supply the big firms.

Some of them, especially in the core regions of the Grande and Petite Champagne, figure in the *livre d'or* of suppliers whose young brandies have always contributed quality to the firm's top blends.

The other crus tend to be dried, but the Borderies produces good fruity brandies with a slight earthy touch. The Fine Bois region has its advantages for VS: it is ready to drink sooner.

Preliminary blends are gradually fed into a "mother" blend. Several mothers then go to make the basis for a top blend such as XO or Paradis. The process is likened to a river fed by its streams and tributaries.

For seven generations now a member of the Filloux family has superintended the blending of Hennessy cognacs. Maurice describes the style as gutsy, and that is certainly the impression one gets from the XO. The Paradis is subtler more elegant and less woody.

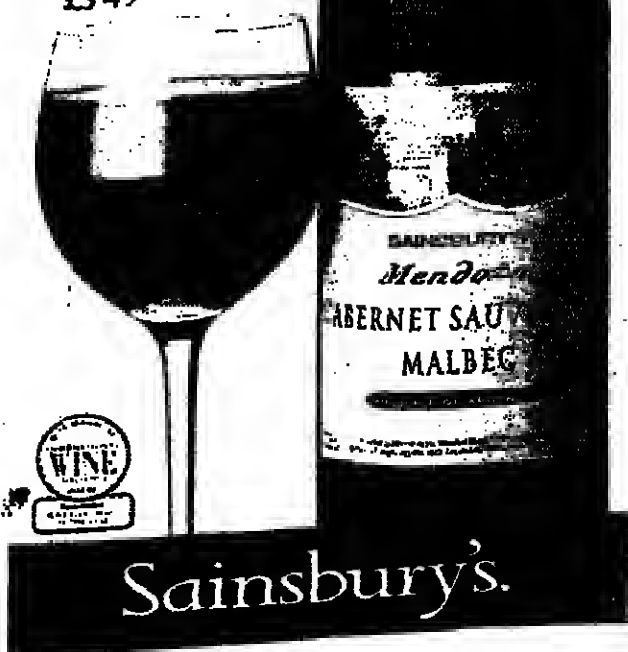
Both contain a high proportion of old cognac, which Hennessy stores in a pretty old warehouse down by the river. By common consent cognac does not benefit from more than 50 years in wood. By that time the spirit has absorbed so much tannin that it ceases to be a pleasure to drink. The older brandies are therefore transferred to glass demijohns.

There are still a few old casks around, including one dating from 1835, the time of King Louis Philippe. In their more sober moments, however, the Hennessys admit that it is a museum piece. A relic of the time when these former "wild geese" were making their first ascent in the aviary of French politics.

■ Expect to pay £99 for a bottle of Hennessy XO and £210 for Paradis.

From the melting snows of the Andes, a warm red wine from Bodegas Trappiche.

Around the province of Mendoza in Argentina, sun drenched vineyards irrigated by melting snow create the perfect climate for grapes. Renowned wine maker Peter Brighi has blended the Malbec, harvested in cool Uspun de Cuyo with Cabernet Sauvignon from the warmer area of Santa Rosa. Light bodied and full of red berry and plum flavours, it's a wine that exemplifies why, once again, Sainsbury's become Supermarket Wine Merchant of the Year. Available in most stores. £3.49



Appetisers

A perk for city palates

Two new addresses for jaded City palates: the first is Gladwin's, a 120-seater

restaurant, specialising in modern British cooking, at Minster Court, Mincing Lane, EC3 (0171-444 0004).

Many may remember Peter Gladwin as the man who catered for the VE Day celebrations in Hyde Park, London, earlier this year. Prices are £24.50 for two courses, £30 for three, inclusive of unlimited mineral water. Open Monday to Friday, lunchtimes only.

The second is Cyrus Todiwala's restaurant at 18 Prescott Street, E1 (0171-488 9242), just south of Aldgate, the new home of Café Spice Namaste.

Lunch and dinner is served from Monday to Friday with dinner only on Saturday. Nicholas Lander.

■ Those with long memories may recall the opening of Mr Chow in Knightsbridge, in 1967, as the first designer Chinese restaurant. Now Michael Chow is back to breathe the new life into the old site at 151 Knightsbridge, SW3 (0171-589 7347). Drones of Port Street, SW1, also reopens under the ubiquitous Antony Worrall Thompson (0171-259

6166). Both are open every day. NZ

■ Peripatetic chef Ian McAndrew, who gained recognition initially in Canterbury, then moved to London, has now opened The Boat House Brasserie, 29 Shamrock Way, Hythe Marina Village, just outside Southampton (01703-845894). It is open for lunch and dinner Tuesday-Saturday and Sunday lunch. NZ

■ Restaurant-goes in the Windsor and Maidenhead may like to take advantage of a compilation of 52 local restaurants put together by The Restaurant Directory Limited (tel: 01734-575750, fax: 01734-391451). NZ

The directory lists member privileges which vary from day to day and include such incentives as free house wine and desserts. Membership is £30 per annum and there appear to be some good deals. NZ

■ Last Christmas I extolled the virtues of Lea & Sandeman, one of the brightest new specialist wine merchants, which has its headquarters in Fulham Road, London SW10 (0171-376 4767). I was mildly chaffed by a fellow vintner for

concentrating on "this Lea & Perrina or whatever they're called".

Since then, however, as well as operating a large, airy branch at the Notting Hill Gate end of Kensington Church Street, W8 (0171-221 1982), it has taken over the much-loved Barneses Wine Shop, SW13 (0181-879 8643) which now also stocks L & S's hand-picked selection of finds. Jancis Robinson

■ Jancis Robinson's Wine Course came to an end on BBC2 last night. If you missed an episode, or are looking for a special, wine-related Christmas present, the entire series is available as an FT boxed set, complete with a 168-page illustrated book of the best of Jancis's writings from these pages at £39.95, including VAT, postage and packing. Tel: 01453-268888 or fax: 01453-268889. Jill James

■ A trawl through the David Mellor Catalogue will soon solve any Christmas present worries for enthusiastic cooks. Everything from tableware to tools and bakeware to cooking pans is included. Ring 0171-730 4289 for the catalogue which costs £1 (inc p&p in the UK). JJ

TRAVEL

Murder tops the menu at country retreat

Paul Betts joins other frustrated sleuths for a weekend full of challenge

NO one was going to drop dead in the soup during dinner and then walk around all weekend with "deceased" written on his lapel. No, this was going to be as near to a real murder investigation as possible, the two former CID murder detectives announced.

It was a dark and misty Friday night in November, perfect for murder. We had been assembled, all 16 of us, in the incident room in Nailcote Hall, an attractive 17th-century country house hotel between Birmingham and Coventry in the centre of England. Strategically placed near the bar, this room was going to be our operational base for the rest of the weekend.

Dave Collier and Steve Doncaster, former detectives with 35 years of police experience between them, sipped beer, pulled out their cigarettes, and paced around the room as policemen tend to do. They played us a video tape.

It showed a body of a young man, Bob Field, lying dead in his bedroom. A knife was in the bathroom basin; there was blood in the lavatory; someone had slept with him and there was an earring beside a pillow, a bottle of Remy Martin at the bedside, a rolled up £10 note and signs of cocaine addiction on the dressing table.

"Bob Field was found dead this morning. After dinner you will be taken to the scene of the crime. For the next two days you will be questioning five witnesses who were staying with Bob in the hotel. We expect an arrest by the time you leave on Sunday," Collier said.

And so began our murder mystery weekend. I was not sure what to expect. I had read virtually all of Agatha Christie

and Raymond Chandler's murder mysteries and G.K. Chesterton's Father Brown stories, and have always been a compulsive viewer of film noir. Most of the other guests at this Poirot-style weekend house party were also frustrated amateur sleuths.

At dinner, a Miss Marple look-alike with her two daughters and a young friend explained that she had already been on four mystery weekends. "All different," she said, "and yes, we did go to one with an actor who dropped dead in the pea soup at supper."

Mystery weekends are a growing business. "People are fascinated by murders and mysteries," said Collier. "There is a bit of the detective and the Nosy Parker in all of us."

Collier and Doncaster could have been cast in a television crime series. They had the bearing and the humour of old police pros combined with the talents of stand-up comedians.

"We worked for the Birmingham, Warwickshire, and East Midlands police forces but we did not leave because of the Birmingham Six, the Guildford Four, the Indianapolis 500 or the Renault Five for that matter," Collier explained.

Both work for Ibis, a company set up a few years ago by former policemen. Apart from organising murder weekends and dinners, they conduct fraud investigations for insurance companies and provide security training classes.

After dinner we were divided into four teams and taken in our individual groups to room 35 in the new wing of the hotel. The door had been sealed off and we had to duck under the police tape to enter the room.

"Two old ladies once checked in to the hotel and asked to move because they thought

someone had really died in the next door room," said Collier. One of the contestants, who runs a hotel near St Albans and had come to take part in the Nailcote Hall murder weekend, said: "We had a guest who died of a heart attack a few weeks ago but luckily his room was near the fire exit so we got the body out without anybody else noticing."

Our body had been removed but his outline was clearly marked. All the other evidence of the deed was there just as we had seen it in the video. "Don't touch anything for fingerprints. Walk around with your hands in your pockets," said Collier. "I was once on a case when a police inspector stubbed a cigarette in the ashtray on the scene of the crime and ruined the evidence." And then Doncaster dropped a big clue. "The toilet seat is raised, that suggests it's a bloke."

Before we went to bed, the two ex-detectives told us by the bar (you soon discover that a lot of police work is done in pubs and bars) that we would meet the witnesses after breakfast the next morning. They were not professional actors but a group of friends who were given a free weekend and £25 drinking money each to play their respective roles.

Each has been separately briefed. Only the murderer knows who he is. They will be as nervous as you are when it comes to interviewing," said Collier.

Before the interviews started, he gave us more insights into police work. Collier said: "Watch for their body language: make them feel uncomfortable; squeeze them between you on a sofa, that makes them nervous; sit them with their backs to a window so they can't look out; tell them they are lying; take control of the interview; buy them drinks, get them to talk and when they talk they'll hang themselves. But you don't have to follow them to the bathroom or the bedroom." On some murder weekends, participants have taken matters so seriously that they have been



MURDER MOST FUN

found snooping in the dead of night outside a suspect's bedroom door.

He also told us what to look for. "As you accumulate evidence, you must build a pyramid. Look for a motive, it's in history, in the background. Remember 90 per cent of murders are committed by people who are related or connected by close ties. There are four

basic motives for murder: greed, sex, jealousy, money."

Our first witness was William Campbell, a 29-year-old computer specialist working for Coventry and Warwickshire council who could have been Hugh Grant's twin brother. He looked too cool, too shifty. Our team, which included a woman publican called Bibi, from Crofton, south London, her friend Dan-

ielle who teaches refugee children, and my wife, felt he had done it.

In fact, as things turned out, he did. His motive was that the dead man had threatened to blackmail his girlfriend Sophie. It was all part of a complicated puzzle involving drugs, money and sex. But we were left off the scent during countless interviews around the bar, in the hotel's swimming pool, in

the library, in the billiard room.

Or were we simply stupid? We had been told never to close our eyes to the obvious. We had been given detailed forensic and fingerprint reports; a preliminary pathologist report which revealed signs of recent sexual intercourse, no obvious organ disorders, remains of a chicken meal and brandy - all police

information the witnesses did not know.

Our team had made a fool of itself after the first interview at the debriefing session in the incident room. The others had started by getting the name, address, age and occupation of the respective witnesses. We didn't even think of that. "And what would have happened if a witness did a runner... how would you have traced him, dumbos?" asked Collier.

It was during the *grand finale* on Sunday morning - after another round of interviews when all the witnesses sat in a row opposite us - that we realised our big mistake. We had done a bad job interviewing William's girlfriend Sophie.

"And what about squelchy clean Sophie," said Collier, rubbing his hands. "Yes, squelchy clean Sophie. She looks so innocent and sweet, could not possibly do anything wrong, but she had a past and you should have got it out of her. What did I tell you, it's always in history."

The consolation, however small, was that none of the other teams solved the mystery - not even the Miss Marple look-alike and her three younger assistants. But she admitted that of all the mystery weekends she had attended, this had been the most cerebral, the one closest to the real thing.

It had been an exhausting weekend. Mentally, because the case gradually got hold of you with the succession of interviews and the piecing together of the evidence. Even on Saturday afternoon, when my wife and I broke off for a few hours and visited the nearby ruins of Kenilworth Castle, our brains were still working overtime. And physically, too, it was hard work because of all the heavy drinking and eating which seems to go with any good murder investigation.

Back in London, early on Monday morning, my wife woke me up. She was still obsessed with the case and could not sleep. "Why on earth did we not interview Sophie properly. It makes me mad. We would have cracked it," she said.

Nailcote Hall, Nailcote Lane, Berkswell, Warwickshire CV7 7DE, telephone 01203-466174, fax 01203-470720, is arranging murder weekends next year on March 8-10, October 4-6, November 15-17, costing £169.50 a person, and murder mystery dinners on March 22, October 30, October 31, costing £29.50 a person.

This Murder Weekends can be contacted at London House, 1588A High Street, Kenilworth, West Midlands B39 0LF, tel 01564-771787, fax 01564-779493.

Indulging in Basque bonhomie

Adam Hopkins finds one of the best things to do in San Sebastian is eat



In San Sebastian, after a log-chipping competition

Should you feel like eating fresh-caught hake in parsley sauce or watching a log-chipping competition, or attending an all-night drumming session in mid-winter - with columns of marching men, half dressed as chefs, half as Napoleonic era soldiers - then San Sebastian, on Spain's northern coast, is just the place.

It does not look too alien when you first arrive. Its setting has great beauty - a near circular bay, with mountains on either side, and a narrow exit to the surging sea with a little green island in the middle of it.

A hop of hotels and apartments backs the beach, with a one-time royal palace stitched into the middle. Built by an English architect, the palace looks like a girl's boarding school crossed with a country cottage. The Spanish royals were said to be pleased with it.

It is all very commodious, San Sebastian, and stylish - though not too old, since the Duke of Wellington, not yet a duke, burned it down in a fit of inattention during the Peninsular war.

But what makes San Sebastian so different is first that it is Basque - hence its great energy - and second, consequently, that there is always something going on. Or if not, you can have good fun simply by eating some of Spain's best food.

I have been a regular visitor. I have been there for the drumming festival, known as the tamborrada, and it is mightily noisy (local custom recommends the consumption of alcoholic drink); I have put to sea for a rowing regatta in which the crews plough miles out into the Bay of Biscay, and back again, with no regard for weather conditions; I have watched log-chipping, one of the great Basque passions, surprisingly elegant; and attended the unveiling of enormous sculptures made of iron. Iron, in all its forms, is a Basque enthusiasm.

So when I travelled there last summer on a personal visit I was glad that this was a

quiet time, suitable for bar hopping and restaurant testing and general meandering.

The bars lie mostly in the old town, tucked under the right-hand mountain as you face the sea, built on the narrow street pattern of earlier days. It is pleasant here just before lunch and, in the evening, overflowing with merry-makers.

The local drink is *txacoli*, the light and white and slightly sparkling wine of the Basque country. But you really go for the general hubbub and the bar snacks - *tapas* - which range from simple croquettes to breaded mussels in bechamel, served hot on the shell. Most have a touch of fish somewhere. Calle Agosto 31 is good for this (top marks here for the restaurant/bar Gandarias), as is the Plaza de la Constitución and its environs (my choice, for top class ham: Portalea, in Calle Puerto).

The old town has been done up in the past few years, with newly cobbled streets and fresh paint to take away the sting of the political slogans and poster portraits of Basque "martyrs". These were endemic - put up by the young zealots of Eta, the Basque independence movement.

Eta has never attacked a British tourist but should you wander long enough you will

eventually find the political bars. There, you will be able to take instruction, if you present yourself sufficiently humbly, in revolutionary talk.

Which brings you nicely up to lunch or dinner-time and the need for an immediate decision. These are not necessarily easy.

Once there was good old-fashioned Basque food, mainly fish with the famous *salsa verde*, or parsley sauce, relying on absolute freshness and quality. The fish, depending on species, had to be line-caught (the Spanish phrase is *de arrazo* - you will see it on the menus). Or you could attack a dish made of the jelly-like under-chins of hake (*kokotxas* in its Basque original, rendered into Castilian Spanish as *cocochoas*), or squid in its own ink, or a great crab mix-up stewed in a crab shell (original Basque, *txangurro*; Spanish version *changuro*).

Restaurants still serve these and do rather well (El Urola, Calle Fernán Galbata 20, or Casa Nicolasa, rather smarter, Calle Aldamar 4).

The trouble, frankly, is Michelin, which came along in the form of inspectors and awarded stars to the New Basque Cuisine, referred to by its proponents as "elaborated food". This mostly involves long explanations and pretty

plates with not much on them, though, to be fair, it is still based on the same outstanding ingredients. And then the master-chefs go on television and it all gets fearfully expensive.

I know which I prefer, but a good campaign of gluttony in San Sebastian involves staying long enough to try both types.

Two-starred Arzak, in a suburban house on the east side of town (look in Michelin for

Pedro Subijana, walked by and made a wide sweep of his arm over the sea to indicate the exact spot where my bonito was wrested from the waters.

At well, I thought, it must be me that is out of step. Somehow, lunch lasted from about 3.30 until nearly 7pm.

Thereafter I felt free to eat in more ordinary places, enjoying the more simple heartiness of true Basque food.

But that was not the end of the food veneration, for one of the most extraordinary facts about San Sebastian is that this single city - population about 180,000 - is home to about 120, mostly all-male, gastronomic clubs.

These resemble restaurants with little decoration, but with impressive kitchens in which members cook handsome meals for one another.

But you really go for the general hubbub and the bar snacks - *tapas*

No mushroom grows too high on the mountain to be brought down to a San Sebastian gastronomic club; no bull is too savage to prevent someone from a club buying its tail after the *corrida* - in fact, the more savage the better. No fish swims too deep for the attention of members. And the clubs are also said to be entirely democratic.

I have eaten in one or two over the years. Last summer, led by a local intermediary, I visited a club named Kai-

noietta, which was founded in 1900 (prestige depends largely on age). There at the table, doing the communal accounts, sat the club president, Alejandro Elizalde, employee of a car body shop. With him were a merchant marine captain, a baker, a bank clerk and a commercial salesman. No street sweeper. No captain of industry. No heavy aristocrat. "There's a queue," said Elizalde. "We only have 100 members and you don't get in till someone actually dies."

The burning issue surrounding the clubs concerns their real attitude to women.

Normally the only women closely involved in the clubs are paid employees who do the washing up and cleaning. But the members of the Kainoietta committee, presiding themselves truly liberated men, insisted that it was their greatest pleasure to invite their wives and girlfriends at week-ends. One claimed that he had chosen to join his club because it was woman-friendly.

"And anyway," he said, "you know we Basques are a matriarchal society. All the men turn their pay cheques over to their wives."

At Getaria, a nearby fishing village and fish eatery supreme, I put the question over calamari and sea bream, to Maria Rosa Larraga, owner of Kaipa (the restaurant above) and Kaipa (the restaurant below).

"Well," she said, looking rather serious, "it's true. The money is almost always given over to the women. We are the *peseteras*, the bankers, and we often run the businesses."

"And naturally, we are better restaurant workers. I should mention that. We notice things, men don't. They stand with their arms folded and say, 'Here I am.' They are good enough in the kitchen and the grill. But you always have to clear up after them."

I lowered my head and took another mouthful, since eating is often the best policy in the Basque country.

Adam Hopkins travelled Plymouth-San Sebastian and back by Brittany Ferries (tel 01753-221321).

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TRAVEL

A walk on the Weald side

Christopher McCooley doggedly explores the South Downs

Rupert's main occupation is selling thermal underwear to Argentinians. But when he is not gadding around Gauchoiland he runs a bed and breakfast business at his home in England's South Downs between Mithurst and Petworth.

And he does not mind dogs. Which was the main reason we had chosen his place because, between the four of us, we had three of them.

The plan was to go walking - east one day and south the next. To give each outing a goal (in addition to working up a thirst) we had agreed on culture - a Roman villa and an open-air museum.

Just a mile or so from our accommodation the track rose steeply up the scarp face of the chalk - from the ridge-top the views were splendid, northwards out over the Weald. The word itself is no misnomer - it is Old English in origin and means 'wooded district'.

Despite centuries of cutting trees - to make clearings for villages and farms, to build ships and houses from the mighty oaks, to provide charcoal to fuel the iron industry - it is still very much a wooded scene. From the top, the Ordnance Survey map gave the height as 233 metres, or 764ft. Immediately below us was the village of Heyshott, whose most famous son was Richard Cobden, born there in the year before Trafalgar. His great achievements were the promotion of free trade (no doubt making him the

patron saint of all thermal underwear exporters) and the abolition of the Corn Laws.

His seven-year struggle to achieve the latter made his reputation but ruined him financially. A public subscription was raised for him in 1847 and with this he bought the house where he had been born. He lived there for the rest of his life.

The well-marked South Downs Way follows the northern edge of the line of chalk hills. We branched

Early music was being played on early instruments in the early buildings

off of it to head for a public house in Sutton. Just before the village, the path went straight through the middle of a field of peas - ripe, succulent, tasty - a perfect pre-pint snack.

Signor Roman villa has been open to the public for nearly 200 years. It has been in the ownership of the same family for all of that time - it was the current manager's great-great-great-grandfather George Tupper who discovered the site while ploughing in 1811.

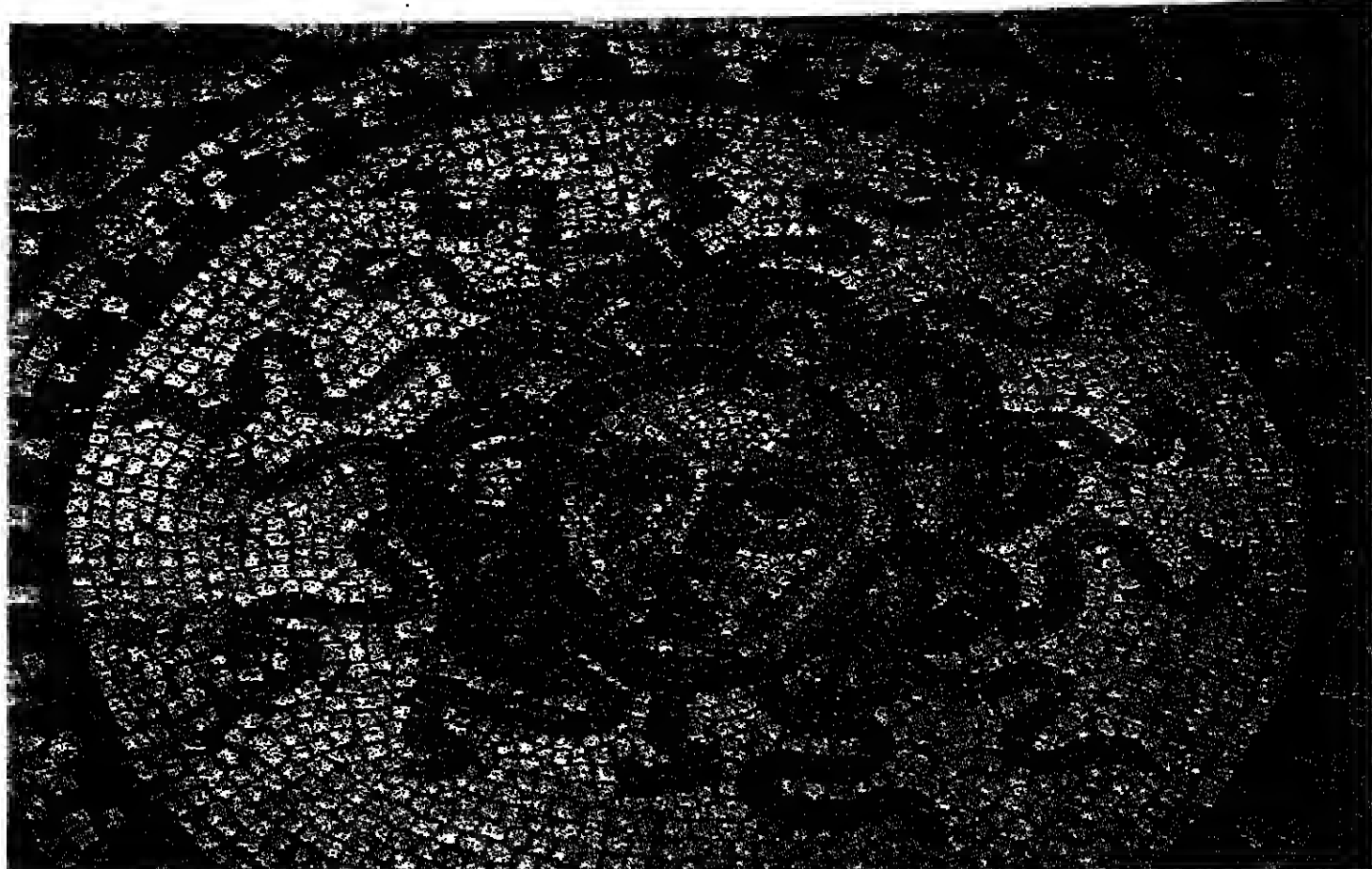
The mosaics are some of the finest in the country and date mainly from the 4th century. Today the col-

ours are still bright - the small stones used to make up the pictures and patterns are local. Limestone and chalk for white, Purbeck marble from Dorset for blue and grey, and sandstone providing a whole range of colours including yellow, orange and red. The floors undulate gently - having settled over the centuries - and are protected from the elements by thatched roofs.

The Romans of Bignor had no need for thermal underwear. The miserable English winters were made bearable by underfloor heating in the living quarters. Even the changing rooms were heated. In the one adorned by the serpent-haired Medusa, chief of the Gorgons, togas were whipped off before entering the sauna room - or caldarium - adjacent to a heated plunge bath.

The next day we toiled up the north face again but from then on it was all downhill to Singleton. The way led through beech trees that had been planted 100 years ago. A stout galvanised dog when it shot across the path ahead. Fallow deer crashed through the undergrowth. Green woodpeckers laughed. A sparrowhawk quartered. Orchids spiked the turf.

The Weald and Downland Open Air Museum has rescued more than 35 buildings since it first opened in 1967. Farm buildings, a toll cottage, a water mill, granaries, a smithy - all saved from decay or demolition and re-erected on the 40-acre site. The dog owners loved it, the owners not so much as they had to go on their leads and were forbidden from



In the changing room: Medusa, chief of the Gorgons, at the Bignor Roman villa

going to the source of the best smells - the working water mill grinding the grain into flour.

The museum has special attractions which remind you of the time before switches and shopping trolleys. A charcoal maker's camp in the woodland clearing, candle making, food preserved by smoking. Power supplied by animals, wind and water. Cottage gardens with real vegetables growing in them and straw sheeps with real bees to-ing and fro-ing.

The day we visited, early music was being played on early instruments in the early buildings. I was drawn to a consort of recorder players. The five musicians were playing an Elizabethan dance in the hall of Bayleaf farmstead. The half-timbered building had been saved from drowning - it was donated by East Surrey Water Company when they built Bough Beech Reservoir in the late 1960s. The dog and I sat on the rush matted floor. A fire burnt in the hearth - the

music mingled with the smoke before seeping out through the gaps between the tiles above.

Information: Accommodation: Heyshott, Heyshott, Nr Mithurst, West Sussex. GU28 0DA. Tel: 01793-813836. Proprietor: Rupert Nathan. Bed and breakfast £16 per night. Dogs welcome.

Weald and Downland Museum, Singleton, Chichester West Sussex PO18 0EU. Tel: 01243-811848. Fax: 01243-811476. Winter opening Nov 1 to Feb 29, Wednesdays, Saturdays

and Sundays only from 11am to 4pm (except December 25 to January 3 when it is open daily 11am to 4pm). From March 1 it is open daily 11am to 4pm.

Signor Roman Villa, Bignor, Pulborough, West Sussex, RH20 1PH. Tel: 01793-869259. Fax: 01793-869478. Open March to October.

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PROPERTY / GARDENING

A title for the price of a lordship

Audrey Powell finds that anyone can become a lord of the manor

Becoming lord of the manor, with such rights as holding a court, extracting minerals and charging tolls, could cost as little as £4,000.

The average price of a lordship today is £5,000. At their peak in the 1980s it was £8,000, but, since then, the market for titles has been quiet. They have continued to be sold through specialist agents, however, and some now feel it is worth holding titles again.

More than 30 lordships and feudal baronies are being auctioned in the City of London on December 6. The lordships relate to manors scattered around England and most are expected to fetch between £4,000 and £6,000 each.

A few could make more. That relating to Brkdale, Lancashire, which includes the Royal Brkdale golf links (a Christmas gift for a keen golfer) could sell for up to £7,500. Those of Siss in Norfolk, and Thwerton in Devon, which include historic rights, might attract between £7,000 and £9,000. The Irish baronies cost much more - between £20,000 and £25,000.

Manorial lordships are something of a curiosity. They are claimed to be the oldest titles still in continuous use in England and Wales. Some are recorded in the Domesday survey of land and property holdings made in England in the 11th century.

It is possible to sell them, as in the case of those being auctioned, separately from the manorial estate. The value of the lordship then depends on its location history and what, if any, rights and documents come with it.

A buyer can call himself, or herself, Lord of the Manor (or Lord of Sibbertoft, or Appleton White, for example, and can apply for a coat of arms. But a manorial lordship should not be confused with a peerage and does not entitle the owner to a seat in the House of Lords.

The rights that may survive with lordships could include those to hold markets or fairs, collect tolls, extract minerals. There might also be grazing, sporting or fishing rights.

Such titles are sometimes bought as presents for close relatives, sometimes for the cachet of owning a title, albeit one with limitations. Some people will buy the lordship of a place with the same name as their own, or with family associations.

The titles are popular with overseas buyers. Manorial Auctioneers, which is arranging the forthcoming auction and which keeps a list of lordships available for private treaty sale, says foreign interest has increased from 15 per cent to 30 per cent in the last two years. Americans and Canadians are particularly interested in a link with the old country.

Other purchasers are interested in the many ancient documents that come with some titles - one had 2,000 - and because they enjoy being part of a chain of owners that goes back hundreds of years and may include the name of a monarch, such as Henry VIII or Elizabeth I.

Ray Knappett, who for many years handled lordships for agent Strutt & Parker, sold the lordship of Stratford-upon-Avon, Warwickshire (the birthplace of William Shakespeare),



The coat of arms of the Duke of Newcastle - on the cover of the December 6 auction catalogue

for £27,000 in the late 1980s. But he recalls being involved in sales of manorial titles in Essex and Suffolk in the 1950s when they sold for around £150.

Hurley Lloyd Thorpe, in Stow-on-the-Wold, Gloucestershire, held an auction of 32 titles in the summer, its first since 1990, which, it says, "went very well".

The sale included titles submitted by Magdalen College, Oxford, which raised nearly £50,000 towards a new student hostel. The colleges are often a source of titles that may have

come to them with the endowment of land.

London agent Cluttons has a batch of titles in Essex, Buckinghamshire and Oxfordshire which it is offering on behalf of New College, Oxford. No guide prices are quoted but there is a minimum of £5,000, plus a buyer's premium of 10 per cent.

Many agents now charge this premium on title sales, and with solicitor's fees and VAT, a £5,000 purchase might cost just over £5,000 altogether.

The lordship of the manor of Flushing, a waterside village opposite Falmouth in Corn-

wall, went to auction in 1990 and is now being offered as a private treaty sale by Strutt & Parker's office in Lewes, East Sussex, for a guide price £6,000. It brings with it the right to mine tin and anthracite.

The same agency plans to auction 20 Sussex titles, the property of two families, in February.

There are probably between 19,000 and 20,000 manorial lordships in England and Wales and 4,000 feudal baronies in Scotland, says Robert Smith, chairman of the Manorial Society of Great Britain.

The Queen, the Church Commissioners, the Duchies of Cornwall and Lancaster, and the Dukes of Devonshire and Northumberland are among owners of hundreds of manorial titles.

Varying numbers of documents can come with these titles - court rolls (listing proceedings at manorial courts), surveys, plans. Although there is no bar on foreign buyers, no historic documents can be taken out of the country. Indeed, all buyers are encouraged to put them in public record offices for safe keeping.

In any case, as an archivist remarked drily, framed and hung on a wall they would quickly fade.

Buyers of titles can join the 1,500 strong Manorial Society and attend functions such as its annual conference, held in one of the Oxford colleges, and meetings at the House of Commons and the House of Lords.

Occasionally, the rights that come with manorial titles attract headline attention. One in the Channel Islands (a seignior), auctioned in London, brought with it the right for the owner to escort the sovereign whenever a royal visit was made to Guernsey.

The lordship of Bishop's Stortford, Hertfordshire, confers on the owner the right to act as presenter, or chairman, at St Paul's Cathedral, London.

Many buyers, even those who tell friends they bought their lordship "just for fun", tend to visit and attend their manor's special events.

A woman who won the lordship of Brighton, worth £50,000, in a newspaper competition, was expected to sell it and take the money. Instead, she kept it and joined the Manorial Society. A Californian who bought a Suffolk lordship for £7,000, spent £150,000 on a peel of four bells and reinforcing the tower of the manor's church.

On one occasion British Nuclear Fuels Ltd and Greenpeace competed for ownership of the lordship of Calder, in Cumbria, which included the site of Sellafield nuclear processing plant. BNFL won - at a price £20,000.

■ The December 6 auction is at Stationers' Hall, Ave Maria Lane, London EC4M 1DD, at 2.30pm.

□ Contacts: Manorial Auctioneers, 0171-582 1588; Hurley Lloyd Thorpe, 01451-530731; Cluttons, 01748 1010; Strutt & Parker (Lewes office), 01273-475411.

Cadogan's Place / Gerald Cadogan

Laying a nest egg

Nesting not investing" is the current phrase being used in the housing market to describe the change in home buyers' attitudes since the 1980s.

The 1980s, when making a turn on the deal was so often the reason for moving house, are being seen as an aberration. Yet nesting is about making a nest egg as well as creating a home and household and for most people mortgages are the way to lay that egg.

Although the tax advantages of mortgages have shrunk, the monthly discipline of mortgage-related payments remain an effective way of converting income into capital. It enables homebuyers to start with little and reach middle-age or retirement owning a property that will be a significant asset.

In a slack buying market mortgage providers are awash with funds. The blandishments offered to buyers include cashbacks, initial low interest rates, free surveys and no application fees. New tax-efficient schemes of pension and personal equity plan (Pep) mortgages have appeared in an attempt to compensate for the reduced income tax relief on interest (Miras). But customers should be aware of the risks of such schemes.

Nationwide's recent housing finance review points out that in the current era of static or falling prices, negative equity and low inflation, buyers have less incentive to gear up, as the house may be worth less when they sell.

They are more likely to reduce the size of their loan and pay it back more quickly than before. "It could be argued that the 25-year mortgage was very much a product of the high inflation of the 1970s," says the review, "when the burden of paying interest entailed lengthening the mortgage to make early payments manageable."

But there is no reason why a well-run life fund, says Nationwide, should not continue to be a good repayment vehicle in a time of low inflation, when lower interest rates on the loan offset any need for higher premiums to ensure the right pay-out at the end of the term.

A mortgage protection policy may be wise, now that social security does not pay mortgage benefit for the first nine months of qualifying - and people of high net worth will not qualify anyway. One option is to take out a policy to cover the first nine or 12 months, on the expectation that regular payments can be resumed before the time runs out. At a monthly rate of £4.56 per £100 of monthly payment for nine months' protection, or £5.51 for 12 months, that is better than plundering the school fees.

When they review lenders' special offers, borrowers should look hard at the conditions and penalties. They all aim to hook the borrowers and ensure - partly through inertia - that they stay with the lender for the long-term, paying full variable rates (now typically 7.99 per cent).

Borrowers may see a chance to remortgage and reduce their outgoings or increase their loan, but penalties are stiff for redeeming a loan during the term of a low-interest offer or for some years afterwards.

Bristol & West, for instance, has been offering a one-year fixed rate of 0.95 per cent, which then changes to the variable rate. Redeem it during the year - or up to the year 2000 - and a penalty of 3 months full interest awaits. Expect also to pay a fee for taking out a fixed rate mortgage.

Endowment mortgages are now less popular, partly because returns have fallen and partly because borrowers can now see how much of their premium ends up as commission.

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Gardening

Rose of the moment is full of eastern promise

Robin Lane Fox praises the elusive Bengal Crimson

This extraordinary November means gardeners may not be surprised to know that my best flower this weekend is a rose. Of course, on my garden comes into play and it has to be a rose which is not acknowledged in any of the lists and seems to be highly contentious.

I deserves a tribute because it belongs to a serious group of flowers that always distinguish themselves. Whatever you say of their colour, you can't argue with the generosity of the best of them. Some will say it to flower early in December, a habit worth anyone's space and money.

My rose of the moment first came to my notice in the lovely garden of Helen Dillon which I described in August. She called it Bengal Crimson, which did justice to its single flowers. She also gave me some cuttings, to which I applied the true hand of the expert - with the predictable result that they failed to root.

The Chelsea Physic Garden came to the rescue, even though it did not know about this flop with the cuttings. This splendid garden in the middle of London has long had a rose bush which is called Crimson Bengal and propagated for sale to visitors. I received one as a present, with the comment that it was so easy to root from cuttings that the garden always had a few to spare.

Bengal Crimson has now come indoors for the winter and, as so often, a plant's beauty is best appreciated when the competition is less. The single flowers are nearer scarlet than crimson, which makes me wonder if the Irish version was not even better. The buds, however, are similar in both, wonderfully pointed and neatly-packed rolls of single petals which stand out side-

ways from the fresh stems. It is enjoying life as a pot plant and is flowering its head off even now. But the big mystery does not even list it, and I try to pretend that my pleasure is unrelated to the fact that it is not even mentioned in Peter Beales' magisterial book, *Classic Roses*.

Bengal Crimson has nothing much to do with Bengal. It has this name because it is a China rose, and some of the earliest Chinese roses reached Europe through India without being traced to their source. I have decided that Bengal Crimson is probably connected to the well-known Rosa Mutabilis.

Some people like this multi-coloured single rose, which looks like a scrambled mess of orange and red to my eye. Bengal Crimson has similar flowers and must be a close relative, although the exact status of its mutable kinsman is disputed. Both are Chinese and, somehow, my red one must have arrived many years ago in the trade from India.

Can you buy it, you might wonder. Outdoors, this single red rose is said by some to be rather untidy. But the Chelsea Physic Garden does sell a few plants to its summer visitors and you might be lucky.

Alternatively, you could experiment with the near-equivalent called Bengal Beauty, which is listed by a few suppliers in *The Plant Finder*. The main one, Langthorns Plantery in Essex, has described its Bengal Beauty to me and it sounds very similar, although perhaps more pink than crimson. Langthorns says it grows easily although not neatly, and is fairly hardy. But demand has been dropping away and the nursery has reduced stock severely.

The public overlooks it, I think, because people often forget that these roses grow so



Rosa Mutabilis: a 'scrambled mess of orange and red' but with good connections. Photograph from 1995 *Favorite Roses* by Michael Gibson (Cassell)

well in deep pots. I recommend this use of them to anyone in a small town garden or on rotten rose soil, like mine. You can visit a friend whose roses you envy, dig up blocks of heavy, silty clay, and pack them into a deep pot so that a self-contained rose can imagine it is on ideal soil. You give it the experience of being in Essex without the reality and, no doubt, it is grateful.

Either of the Bengal varieties would be good in a pot because they are so good indoors at this late point in the year. Other relations in the Chinese section are almost as good, although no-one remembers them much nowadays and pot-planters are thinking already of poinsettias.

In some years, discoveries seem to go in pairs. Earlier this year, I collided with another Chinese variety which struck me as outstandingly beautiful. The borders in the great Somerset garden of Hadspen seem to go in pairs. Earlier this year, I collided with another Chinese variety which struck me as outstandingly beautiful.

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Louis XIV is sold more widely and coloured even more deeply than Crimson Bengal.

Africa's new big game

Continued from Page 1

been six fatal accidents involving wild animals this year: four had been killed by elephants and one died after being gored by a buffalo. Last year, five people died from elephant attacks.

Although the protection of animals from poachers - especially rhinoceros and elephant - has drawn a great deal of international attention, environmentalists are more worried by the encroachment of human settlements in wilderness areas. "We do have poaching, but a lot of it is just for food and meat," said Anderson of the Malilangwe Conservation Trust.

The reserve employs 40 security guards to protect wild animals from poachers. "But our aim is for local people to regard this property as an asset. If they realise that tourism is a vehicle to create jobs, then their attitudes to the animals will change," Anderson said.

The trust finances new facilities for local schools and encourages school groups to visit the reserve to help develop local children's awareness of the bush, its animals and conservation. It also supports higher research for post-graduate students and has made its facilities available for wildlife artists. "Artists are important for conservation. We feel they communicate more directly with the public," Anderson said.

At Chizarira Wilderness Lodge - on the boundary of the remotest and wildest park in Zimbabwe, high on the Zambesi escarpment - Steve and Sharon Alexander participate in the Campfire programme. Short for Communal Area Management Plan for Indigenous Resources, this radical project set up in the 1980s is seeking to redistribute some of the funds generated by tourism to support rural communities and help preserve wildlife.

"The idea is to show the indigenous Batoka people how they too can benefit from wildlife," Alexander said. "They receive 15 per cent of the income from the lodge. We also sell their crafts in the lodge and buy goats and vegetables from them."

The majority black population has shown little interest in the predominantly white dominated safari business. "Going on a game drive is not their idea of fun or spending money. It's an industry they do not understand and therefore

do not promote as they should. It's also the case of the government," said one veteran white guide. "But as this business becomes everybody wants a slice of the action."

This is already causing a new set of tensions within the country's expanding tourist industry. "The problem is that a very poor black population is looking at a rich affluent tourist population eating bacon and butter," said one camp owner. "The very rich are taking over the industry of the future and there has so far been not very much in it for

the locals. Inevitably this causes a lot of resentment."

As the financial stakes rise, the Zimbabwe government is promoting an increasing policy of indigenisation, which many whites regard as a form of racism in reverse. "Blacks are being given preference over whites in the exams to qualify as game park guides, and the authorities are increasingly favouring granting concessions to black people to run camps on national parks," said another guide.

These concessions are given on a one, five or 10 year basis.

And many white concession owners now fear that when their term is up it will not be renewed. "This makes you think twice about how much you are prepared to invest in a safari business," he added.

The rhinoceros may after all have the last word. ■ Paul Beales' visit to Zimbabwe was arranged by *Time For Africa*. Air Safaris, which organises tailor-made safaris using small chartered aircraft. Tel: UK 01453-4765330, 0171-240 7555; Harare 726134. He flew to Harare on Air Zimbabwe. Tel: UK 0171-491 0005.

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BOOKS

The charismatic Classicists

Nigel Spivey on the intellectual rigours and spiritual benefits of Latin and Greek studies

The Classics book has been endangered as a species for at least half a century now. Evelyn Waugh drew his own affectionate portrait of the type in 1947, noting how his fictional Mr Scott-King "found a peculiar relish in contemplating the victories of barbarism and positively rejoiced in his reduced station".

A survey of the present survivors would reveal, however, a truly tough association of intellectual aristocrats. Neither Greek nor Latin has a niche in the current national curriculum, and Classics ought not to exist.

Yet in the public schools, the subject is maintained, almost as the essence of traditionalism. In state schools, devoted men and women give up their lunchtimes and Saturday afternoons to coach volunteers through their gerunds and participles. And so the torch is passed on, if by a tenuous relay.

What manner of charisma do these Classicists exude? John Dancy's devoted biography of Walter Oakeshott, headmaster of Winchester after the war and subsequently rector of Lincoln College, Oxford, provides perhaps typical clues. Oakeshott understood, while still a student himself, what it meant for education to be a spiritual experience.

Based upon the conviction of Plato, that academic efforts should ultimately be directed at finding what is beautiful and good, Oakeshott's own pedagogy knew no other discipline.

Dancy notes: "All his life was short on brutishness." Whether parsing Greek

verbs, explaining the steam engine or expounding the Metaphysical poets, it was always the same. "The job of education," Oakeshott declared (quoting Dante), "is to confront us with what first makes us spellbound with wonder, and then leads us on to curiosity."

Today's teachers, wearily registering this principle from the perverse bondage of government-imposed paperwork, would wonder how Oakeshott taught a single lesson, let alone wrote monographs on medieval manuscripts. When did he sit down to do his spreadsheets?

And yet no one could accuse Oakeshott of unworldliness. His study of the moral

WALTER OAKESHOTT: A DIVERSITY OF GIFTS
by John Dancy
Michael Russell £24, 370 pages

THE ANCIENT HISTORIANS
by Michael Grant
Duckworth £18.95, 486 pages

debilitation caused by unemployment, *Men Without Work*, was first published in 1938, and remains a powerful report. The "diversity of gifts" manifested in the sheer

range of Oakeshott's activities is a lesson to everyone in the age of academic overspecialisation. But Classicists, of course, can do anything. The allegations Keith Joseph and others used to peddle about the evil redundancy of Classics in our education system were nonsense.

We see now, almost (but not quite) too late, that what doomed Classics was its intellectual rigour. Nothing in the national curriculum today is even half as difficult as translating a page of Thucydides. And that some young people are realising just how patronisingly easy we have made their schooltime is perhaps attested by the fact that Duckworth believes it worth re-

suing Michael Grant's introduction to Thucydides and his ilk.

Grant has long been the supplier of books for beginners in Classics, and his survey here, covering both Greek and Roman historians, is typically clear and accessible.

He does not actually quote Schopenhauer's view that if one reads the work of the 5th-century BC Greek Herodotus, one effectively need never read any other history book at all. Herodotus, in spite of the limits of his geography, recorded everything about human behaviour that requires comprehension: what happens elsewhere and subsequently on a theme.

But Grant's study is justified on that basis. As Walter Oakeshott would have appreciated, there is everything in these Classical writers. This is a fact which our enterprising and innovative forebears understood better than us.

Dedicated follower of fashion

But this book offers trimmings rather than substance, argues Joan Smith

In recent years there have been anthologies, or literary companions as they are more grandly called, of everything from dogs to London to office life. Why not one of fashion?

The obvious objection is that fashion is ephemeral; nothing dates more quickly than yesterday's clothes. Lists of what people wore to the royal court in the 1600s or balls in the 1820s do not make riveting reading, unless - like Colin McDowell, who is a fashion historian - you have a professional interest in the subject. Here, to make the point, is part of a description of the coronation of George V in 1911 from the *Selected Letters of Somerset and Ross*: "Hammer-cloths of every hue, heavy with gold, and coats of arms -

and all that beauty brings. There close at hand, to be clutched if one dared. Somehow she never dared, next morning."

Somewhere in the depths of most people's closets hangs a mistake. Sometimes the full scale of the disaster does not reveal itself until too late, when the offending garment is already on public display, as happened to the unnamed heroine in Daphne du Maurier's novel *Rebecca*. "They all stared at me like dumb things," she shudders, recalling her appearance in a brand new dress before her first big party...

In this case, the naive second wife of the aristocratic Max de Winter has been tricked into copying the ball gown worn by her detested predecessor, Rebecca, on a similar occasion. More often, in these pages, men and women are caught out by vanity or self-delusion. "By-the-by", remarks Mr Potter with forced casualness in *The Diary of a Nobody*, "I will never choose another cloth pattern at night". His new suit, which seemed "a quiet pepper-and-salt mixture" when he selected the fabric, has turned out to consist of "a lot of green with bright yellow-coloured stripes".

The humiliation of getting it wrong is best expressed by Virginia Woolf, who catalogues in painful detail a character's slow realisation at a fashionable party that she is wearing a completely unsuitable outfit. Furious with herself for caring about what other people think, Mabel "issued out into the room, as if spears were thrown at her yellow dress from all sides... she looked foolish and self-conscious, and slumped like a schoolgirl and slouched across the room, positively sinking, as if she were a beaten mongrel..."

Such episodes are a potent illustration of human vulnerability and the role played by fashion in disguising or exposing it. They also give the lie to the moralists' view that clothes do not matter. These insights, though, emerge only occasionally from an anthology which consists of the briefest of introductions followed by an uneven (and sometimes undated) assortment of extracts. It offers trimmings rather than substance, reinforcing the very myth of fashion as an essentially trivial subject which needs to be demolished in order to justify its own existence.

THE LITERARY COMPANION TO FASHION
by Colin McDowell
Sinclair-Stevenson £20, 452 pages

foolmen with long beaile backs, same as hammer-cloth - each couchman in a ball of glory, in the hollow centre of his hammer-cloth."

How many contemporary readers know what "hammer-cloth" is or was? How many will be fascinated to discover that Lord Redesdale "wore a swallow-tailed blue coat with brass buttons, a white necktie and shoes tied with a bow of black ribbon" in the 1850s, when it was starting to appear old-fashioned? Descriptions of clothes have limited appeal because it is not the garments themselves that are interesting but the fantasies entwined with them - the hopes and aspirations which trail behind a new dress like an invisible train.

One of the most poignant extracts in *The Literary Companion to Fashion* comes from a short story by Jean Rhys, in which a visitor to the Paris apartment of a dowdy American woman discovers a cupboard full of ravishing dresses. The narrator imagines the elation as each garment arrives, and the failure of nerve that condemns it to the dark interior of the owner's wardrobe: "Miss Bruce would put on the powder, the Rouge-Fascination, the rouge for the lips, the dress - and she would gaze into the glass at a transformed self... No impossible thing, beauty



Leon Bakst's 1909 costume design for Ida Rubinstein as Cleopatra: one of 330 illustrations from "Leon Bakst and the Ballets Russes" (Academy Editions £25, 228 pages), Charles Spencer's study of the life and influential work of the great designer which places him firmly in the context of the art renaissance of Slavophilism.

Time for close-ups

The brain of a film-maker must be a frightening thing, like the liver of an alcoholic or the larynx of an opera singer. As these three books show, it is constantly exercised by contrary forces. A movie

author must first subject him- self to produce an idea, then he must go round coddling others into funding it, co-making it, promoting it.

Wesley Clarkson's *Quentin Tarantino: Shooting From The Hip* is a wonderful primer on God, Mammon and the film business. The director of *Reservoir Dogs* and *Pulp Fiction* was the product of a broken home, a boyhood obsession with horror comics, a brief spell in jail (for unpaid traffic fines) and an early career as a video shop assistant.

The auspices were hardly encouraging. Tarantino tried acting, but was a forgettable Romeo (see picture on page 43). He tried getting behind-camera jobs in Hollywood, but came no further than assistant on a Dolph Lundgren workout video. Then finally it happened. He ran into a producer at a party and motor-mouthed himself into a deal to make - for a historic shoestring - *Reservoir Dogs*. The rest is legend.

Clarkson writes as Tarantino screenwrites, in a caricaturing hip prose full of movie references. But what a story this is. A boy born to Italian-Irish-Cherokee parents grew into an ungainly six-foot-two giant who cannot spell but who had an obsession with pop and consumer culture. During car jour-

neys at age two, Mom recalls, young Quentin would try to read aloud every billboard and advertisement they passed: "He even recognised logos. It was a real pain, but I guess it showed what way he was heading".

But which way was that? Even we Tarantino-glutted film critics are not sure where he has ended up: apart from being rich and famous, is he the Warholian chronicler of a junk zeitgeist? Is he an unprecedented purveyor of screen violence? (As a child he would leave his toy soldiers in varied states of amputation for his mother to piece together again.) Is he a mordant, modern-dress Jacobean wit?

We certainly do not go to him for cuddly stories, nor does Clarkson. The most chilling tale is of Tarantino's summary sacking - late on the day of the 1993 Los Angeles earthquake - of the personal manager who had helped lift him from obscure beginnings. She remembers his last words: "Your job was to launch my career and now that my career is launched I don't need you any more."

Calculus? No doubt. But maybe that callousness also gave us the crusading disre-

spect for protocol and politeness on screen, which makes his films the cinema's wittiest, liveliest modern equivalent to shock therapy.

After this, reading Sidney Lumet's *Making Movies* is like emerging from an acid party into a bacon-and-eggs break-

QUENTIN TARANTINO: SHOOTING FROM THE HIP
by Wesley Clarkson
Piatkus £10.99, 300 pages

MAKING MOVIES
by Sidney Lumet
Bloomsbury £14.99, 230 pages

FELLINI ON FELLINI
edited by Costanzo Costantini
Faber £15.99, 201 pages

fast. Chapter by chapter the director of *Twelve Angry Men*, *Dog Day Afternoon*, *Network* and a dozen other household titles takes us through the trials and triumphs of film-making: from first read-through to designing, shooting, editing, previewing...

Fascinatingly, Lumet illustrates his craft points with his own production reminiscences.

You will learn why he made Katharine Hepburn slap Dean Stockwell in *Long Day's Journey Into Night*, why and how he used real street crowds in *Dog Day*, why he showed only one shot of the sky in the whole three hours of *Princes Of The City*, and why he got Sean Connery to "do a Grocho" in *Family Business*. Nothing to do with zany one-liners. It was a way of making the six-foot-two Scotsman use a stooping walk for shots shared with the five-foot-six Dustin Hoffman.

Federico Fellini would have scorned such ruses. Incongruities were the stuff of life. *Fellini On Fellini* is a book-length colloquy between the Master and film critic and close friend Costanzo Costantini. (On the rush to print after a genius's death we must take all these "close friends" on trust.)

We go from Federico's first sexual experience aged seven with a housemaid to his apothecary as Italy's most feted film-maker. On the way we ponder such gems as his memorable description of Donald "Casanova" Sutherland - "a big sperm-filled waxwork with the eyes of a masturbator" - and his account of clashing temperaments on *La Dolce Vita* and *8½*. Finally there is his polemic acid answer to a question on immortality. "Belief in it stimulates and encourages the imagination," he says, "even if the prospect of still being interviewed by you on my 7,000th birthday might cause me some perplexity."

Nigel Andrews

Fiction / Carolyn Hart

Sagas at bedtime

Like sliding into a hot bath on a chilly night, *Casting Off*, the fourth part of Elizabeth Jane Howard's Cazalet chronicles, provides a retreat from the weary vicissitudes of modern life.

In exchange, you get life circa 1947, a not especially attractive period setting with its food rationing, awful restaurant meals, bombed-out London houses and exasperated women wringing their hands over the amount of cooking they are suddenly expected to do. But this is the charm of Howard's immense undertaking: a family saga, spanning 10 years over four books, which revels in the mundane. Even the title of this volume is pitched somewhere between setting sail and finishing a line of knitting.

The central characters are remarkable for their wholesome lack of glamour. Excitement for the Cazalet family is a refurbished room. Drama means the loss of a secretary. Even the extra-marital affairs - and there are plenty - are conducted not with passionate energy but with a kind of grim determination, often laced with tragedy. True love, you can bet on it, is either nipped in the bud by death, or never consummated. And the younger

generation fare no better. They have to steer a narrow path between yesterday's moral certainties and the harsher codes of post-war Britain. Only Louise, married to a portrait painter called Michael, retains any glamour, being rich and beautiful - but her exotic lifestyle has been acquired at the expense of happiness. For she

CASTING OFF
by Elizabeth Jane Howard
Macmillan £15.99, 496 pages

THE GOSSIPS
by Teresa Waugh
Sinclair-Stevenson £12.99, 224 pages

is a wreck with a baby and a truly horrifying mother-in-law. All this must make *Casting Off* sound as grey as the coffee served in 1940s restaurants. But for those who have made the journey of 1,500 or so pages, Howard exerts the same old magic that turned the first three volumes into bestsellers. Leaving the war behind has given her story a new lease of life. The family, as well as the country, is picking up the pieces, and the narrative threads are gathered in with confidence.

Teresa Waugh's new novel, *The Gossips*, both in terms of plot and length, could hardly be more concise. Annie, the fortyish single mother of Tamsin, ditches one lover in favour of another. In doing so she becomes the innocent victim of a harem of vicious gossips led by her friend Sarah, a disaffected housewife.

And that's it, really. Like Alice Thomas Ellis, in her earlier novels, Waugh comes into her own when describing the clenched fury of women being driven slowly mad by bullying husbands and irresponsible children. In her portrayal of Annie, she has created something of a modern day heroine: a woman who, when lurching with her former husband, feels an overwhelming urge "to take her plate of fish and press it slowly into his face..."

Yes, I think that is a scenario with which many of us could sympathise. Whole new vistas on the Waugh family open up before you, but it is 16-year-old Tamsin who really steals the show. Heavenly to look at, rude, belligerent but essentially generous of spirit, she is the sort of character who comes straight from the heart. It is she who turns this coolly forensic study of fractured relationships into a genuinely human comedy.

The witch of the opera

Forget the overblown comparisons with Dickens and Zola: Terry Pratchett is the

Barbara Gifford of the fantasy fiction world, a publishing phenomenon gleefully churning out cheerful, easy-to-read books to a formula which has been tried, tested and found to be hugely profitable.

Like two-thirds of his 30-odd books, *Maskerade* is set in the picaresque, prelate metropolis of Ankh-Morpork in the Discworld, a comical, hotch-potch of dwarfs, witches, trolls and heroes. In his dedication, Pratchett suggests this particular book was inspired by the (failed) attempt of friends to introduce him to opera.

Pratchett's great strengths as a writer are the infectious delight he takes in his characters and his willingness to ignore the rules of writing and logic. His *Avantgarde* (or

MASKERADE
by Terry Pratchett
Gollancz £15.99, 283 pages

dwarfist, or trollist) sympathy for the underdog extends even to the villains, *anthe* has a particular relish for schoolboy humour. Thus his characters speak like bantering comedians and the sage is littered with daft jokes - sometimes relevant often not. Wild claims have been made about the insight he brings to bear on our world through his fantasy realm, but the truth is he is just a good-natured, mildly irreverent funster. With its blend of the picaresque and the ludicrous, the opera is a natural target for him.

In *Maskerade* Granny Weatherwax and Nanny Ogg, two cantankerous but golden-hearted witches, are seeking an apprentice to make up a coven and break up their squabbles. The most likely candidate, the big-voiced, huge-bodied Agnes Nitthas joined the Ankh-Morpork opera only to find herself playing second fiddle to the beautiful but untalented Christine.

Meanwhile the opera's resident ghost is killing people, much to the dismay of the new owner, a parvenu cheese-maker who believes, laughably, that opera should make both sense and a profit. Promoted, the dear old witch set to work to save Agnes from the opera in a story that vaguely promotes the idea of happiness through self-acceptance.

No tedious philosophy or social comment is ever allowed to get in the way of the jokes for long, though. Pratchett pokes simultaneous fun at the pretension of opera and the consciousness of those who want art to run like a business. He lampoons the witches and the hapless Agnes, while generating sympathy for them as outcasts from the world of the beautiful and keepers of ancient wisdom. Even the curiously visual cliffhangers in his plots take a back seat whenever there is a joke to be told or a pun to be punned.

Maskerade is brisk, pleasing and shallow, a bit of a laugh. You do not exactly immerse yourself in a Discworld book - rather, you paddle through it at speed, constantly amused but seldom really stimulated. With an entire fantasy world at his disposal, Pratchett can continue to expand on his basic premise indefinitely, and *Maskerade* differs radically from the previous Discworld books only in its setting. The 20th in the series, it will doubtless sell as well as the first.

Nick Curtis

BOOKS

For king, country and culture

Nick Groom finds something in Shakespeare for 'all conditions of men'

The Lamentable History of King Charles III is played out in the media theatre to the public gallery. As yet, it is unclear whether this "History" will be a tragedy or a farce. It is even unclear what parts the principle protagonists are playing: the princess has been virgin bride, supermodel, charity worker, single mother, and of late, tale-teller. Will she remain in the plot as ambassador or queen, or will she be locked up as a victim of "advanced paranoia"? The epicurious hero, on the other hand, has undertaken a somewhat tempestuous voyage, steering a route between the seething vegetable patch of eco-crankiness and the carbuncle of modern architecture. But now he has a new helmetman to steer him back towards his country and his destiny: Shakespeare.

The Prince's Choice is The Prince of Wales' slim Shakespearean anthology. Available as a book or a recording, it offers 38 extracts from 20 plays and one sonnet, performed on the CD and cassette tape by a truly outstanding cast of excited luvvies. It will doubtless be slipped into the Christmas stockings of everyone who would like to follow the broadcast of the Queen's Speech with her son's rendition of Prince Hal (aka the Prince of Wales).

The passages selected are, as they should be, very familiar - Hamlet's soliloquies, John of Gannet's lament "This royal throne of kings, this sceptred isle", Lear on the heath, Henry V's St Crispin's Day rally, Prospero's farewell - but nevertheless they give the work a strong sense of character. The book is divided into chapters which cover Shakespeare's heroes and his common touch, his humorous poetry and his depictions of misery. He is a poet who offers insights into public life, leadership and the nation.

THE PRINCE'S CHOICE
by HRH The Prince of Wales
Hodder & Stoughton £12.99, 137 pages

speech on degree in *Troilus and Cressida*, which would have neatly complemented the theme of social order, is absent, but there are two unexpected extracts from *Coriolanus*. There could be more from *Lear*, but that might have been impolitic: Shakespeare is an unforgiving playwright and bends not

easily to narrow interpretation. The Prince's Shakespeare does not saturate his works in unnecessary violence and the necessary abuse of power, revel in corruption and subversion, or wander the lonely byways of theological doubt, spiritual yearning, loss, or love.

He is a muscular Christian of a Shakespeare. Like Kent (in *Lear*), he is a loyal courtier. He is not a swashbuckling Romantic striking postures of madness, having it away with the neighbour's daughter and poaching game; neither does he write neo-Platonic sonnets

to his homosexual lover. But this is an easy game to play. Shakespeare really is so rich and complex and ambiguous that there is indeed something in his works for "all conditions of men" - which is Prince Charles's point. The modest agenda of this entirely landable cultural manifesto is his thee into the libraries and theatres and parades of the Bard.

So *The Prince's Choice* is rather more than an anthology. Its barely invisible snikt positively grabs the attention: the union of Prince Charles and William Shakespeare;

a marriage between the royal heir and the immortal Swan of Avon, thus securing the cultural succession of the House of Windsor. *The Prince's Choice* legitimates king, country, and culture by uniting all under the banner of the Bard. It is a very definition of Englishness.

Green talk

Malcolm Rutherford on one man's view of history

Paul Crutwell is not a modest man. The best chapter in this book consists of an imaginary symposium after a long weekend at his house in the west of England. The principal participants are G.F. Hegel, Oswald Spengler, Arnold Toynbee and H.G. Wells.

Conspicuously not invited is Francis Fukuyama, probably because he is still alive. A more surprising absentee is Thomas Malthus, the man who warned at the end of the 18th century of the danger of the world's population outstripping available resources and is something of a Crutwell hero.

What the participants have in common is that they all wrote a theory of history. Their theories tend to treat west European-American civilisation as superior and, with the exception of Spengler, were broadly optimistic. Fukuyama brought the tradition up to date when he wrote in *The End of History and the Last Man* of the triumph of liberal democracy just before the collapse of the Berlin Wall.

The purpose of the gathering is to ask the old masters whether they would have written as they did, had they been alive today, and to conduct the discussion in the light of the draft of Crutwell's book with

its challenging title *History out of Control*.

Hegel is obliging from the start: "We entirely endorse the conclusions reached by Mr Crutwell." The corrective mechanisms foreseen by the old historians, he says, "have yet to operate, or seem to have become strangely suspended". This applies particularly to population growth and the renewal or replacement of resources.

What then are Crutwell's conclusions? He thinks that the control of population is now imperative in all parts of the globe and at one stage

admits, some diminution of liberty and democracy in the process, but it would be a price worth paying in order to bring history back into order.

Make what you will of all that. Crutwell is a former mining and chemicals man, and his thesis is heavily based on the growing pollution of air and water and the depletion of oil. Yet he insists that this is not just another book about environmental danger: it is a view of history, no less.

There are some useful insights along the way. The author believes that somewhere between 1914 and 1945 the world began to change fundamentally, and not just because of war. He cites the Marxist historian, Eric Hobsbawm, in his support. The reason was that discoveries in science, technology and industry were on a greater scale than ever before. They enabled global reach, and multinational corporations - more powerful than governments - to match.

I should add one rider. George Orwell predicted in 1984 that the growth of communications would make a totalitarian state almost impregnable. Yet it was precisely the rise of communications like the small transistor that made such states vulnerable. Crutwell is a hit too sure of himself.

HISTORY OUT OF CONTROL
by Peter Crutwell
Green Books £16.95, 240 pages

appears to recommend compulsory sterilisation after the age of 25. He is opposed to free trade in that it encourages the exchange of frivolous goods like "Michael Jackson posters, substitutes for mother's milk and Marlboro cigarettes", and he regards the latest Gatt round as "mad".

He wants the restoration of the nation state, which he claims collapsed in 1918, and the introduction of a form of "autarky" which would give such states control over their own affairs. There would be, he



Men-at-arms: a comrades' embrace captured by Henri Cartier-Bresson in 1964 and reproduced in "Mexican Notebooks", (Thames and Hudson £18.95, 81 pages) a photographic record of Cartier-Bresson's fascination with a country that he first visited in 1964. The introduction is by the Mexico City-born writer and academic Carlos Fuentes

Man of marble

Michelangelo deserves better, writes Brian Sewell

Michelangelo, supreme painter, sculptor and architect of the High Renaissance, whose vocabulary of splendid nudes informed a thousand later artists as various as Blake and Rubens, was born near Florence in 1475. The generation of Florentine artists to whom he owed his training were urbane masters of their trades, contentedly obedient to educated patrons spiritual and temporal, whose work tended to consolidate the exploratory achievements of the earlier Quattrocento, pleased enough to confirm established ground rather than break beyond its boundaries, and to occupy a plateau of serenity. From these Michelangelo soon stood apart.

By the age of 23, he was the genius who could conceive and carve the *Pietà* that is in St Peter's - a work of such technical brilliance in the cutting of the marble, of such breadth and movement in the composition of stilled figures, of such dramatic sympathy, compassion and strength in resignation, demanding unparalleled empathy from the spectator that it seems to have no connection with the Quattrocento, but to belong to the baroque world of Bernini in the 17th century. Ten years on, in 1508, as he began work on the ceiling of the Sistine Chapel, there sprang from his imagination new notions of the heroic nude as though from the Hellenism of unknown Pergamon, sculptural in modelling, but far exceeding the Quattrocento sculptor's capacity for finding active form within the marble block; in these he conceived new ideals of beauty, the muscular perfection of young men touched with divinity, the ancient pagan paragons of nudity reborn in the service of the Church, and to match their invention he extended the horizons of perspective and made

coloured air their distances, painted swirling chaos and the solid mass of architecture, and conceived anew the moment of Creation.

Michelangelo's was a working life of at least 75 years, the energy unrelenting to the last - the great nudes of painting and sculpture, the Medici Chapel, the Laurentian Library and St Peter's fixed in our memories. It is too long a life to capture in conventional biography, the threads of art, architecture, poetry, Neo-Platonism, patronage, political, social and church history, workshop practice, affectionate relationships, and the irascible horde of Buonarroti dependents, are too many for one volume of a mere 400 pages, and with so much to interrupt

MICHELANGELO, A BIOGRAPHY
by George Bull
Penguin £25, 512 pages

with brief paragraphs of explanation, to bring to life with the detail of the modern dramatist who must command a cast of thousands, Michelangelo himself is the all but lost layer of a Palladianist.

The first two pages of the introduction promise well, and are an excellent précis - indeed one need only read pages xvii and xviii, for pages 1 to 417 are a desperate plot. The reader interested in Michelangelo the artist must look elsewhere if he wants better than the descriptive clichés of the journalist, but such nonsense would matter less if the book contained, for example, an intelligible account of Michelangelo's failure to execute the tomb of Pope Julius II - a wretched business extended over many years in which the greatest funerary monument of the Renaissance was whittled down to a feeble compromise - but in the interests of a year-

by-year record, it and every other extended topic is fragmented into incoherence.

By implication we are promised discussion of Michelangelo's "sexual orientation without evasion or embarrassment", but the prurient will find nothing here beyond the hesitant literary nudge. He wrote songs, sonnets and laments, often in sombre and despairing mood, some addressed to Vittoria Colonna, rich widowed Marchioness of Pescara, herself a poetess of mournful tenor, deeply religious, with whom Michelangelo shared some profound spiritual affinity; in others he had in mind Tommaso Cavallieri, a young nobleman whose physical beauty seemed to embody the ideals of the marble. David and the Sistine nudes, for whom his affection may have been far less spiritual. His letters to Cavallieri illuminate the clouded rhetoric and Platonic imagery of the poems, but are not conclusive evidence of homosexual passion and its consequent miseries. His peers and contemporaries in their amused Italian way believed Michelangelo to be the badder of his workshop boys, and he might indeed have been a happier man had he given way to these supposed urgings of his loins, but what small evidence there is can only be interpreted as of a mighty struggle to divert affection from the flesh.

In spite of Vittoria Colonna's observation that those who know Michelangelo the man must hold him in greater esteem than any of his works, it was by his works that his contemporary biographers, Vasari, admiring artist and historian, and Condivi, affectionate pupil and amanuensis, knew and measured him. It is by, in and through his works that we know him now, and the conventions of mortal biography seem scarcely relevant.

Lord Peter wins hands down

Ann Geneva reads the letters of Dorothy Sayers

opened in two days!" In June 1915 Sayers sat her exams and achieved a first class, and five years later was among the first group of women on whom an Oxford degree was officially conferred.

After a short stint at teaching, she apprenticed under Basil Blackwell in Oxford to learn the publishing business.

THE LETTERS OF DOROTHY L. SAYERS
1899-1936: The Making of a Detective Novelist
Edited by Barbara Reynolds
Hodder & Stoughton £25, 420 pages

and in 1916 Blackwells published a book of her poems. In 1918 a second volume was published, this time of somewhat unorthodox religious verse entitled *Catholic Tales and Christian Songs*. The irreverent familiarity with which Sayers treated Christian themes, and which years later was to scandalise much of England when the BBC broadcast her dramatisation of the Easter week cycle, had already been evident in undergraduate letters home: "Having read two Gospels with more attention than I had ever before given to the subject, I came to the conclusion that such a set of stupid, literal, pig-headed people never existed as Christ had to do with, including the disciples."

With this book, Sayers was determined not to be at the mercy of reviewers. Far from being a late 20th-century invention, leading the publicity dice in one's favour was employed by Sayers and a friend, to whom she wrote suggesting that she first review it well in the Church Times and then "write a furious letter



Dorothy L. Sayers: precocious and indulged

Camera Press

age. Sayers both underestimated the power of her emotions and overestimated her powers of attraction. Insisting he did not love her and would never marry anyone, Cournos suggested they become lovers; Sayers refused to use contraception, and the affair remained unconsummated.

Lord Peter ultimately proved the more enduring companion, as Cournos soon returned to the US and married a widowed mother of two who wrote detective fiction. Sayers's subsequent letters to Cournos make painful reading indeed. In the interval, Sayers had had an affair with a motor mechanic which produced a child whom she kept hidden from family and friends for the remainder of her life. She poured into her letters to Cournos all the accusations, misery

and feelings she censored in others: "The one thing worse than bearing the child of a man you hate would be being condemned to be childless by the man you loved." Her usual fierce pride and privacy dissolve as she tells him: "If I saw you, I should probably only cry - and I've been crying for about three years now and am heartily weary of the exercise."

The remaining years see Sayers married to a journalist, becoming famous as a writer of detective fiction, and her letters take us to the year 1936 with her play *Busman's Honeymoon* enjoying a successful run in the West End.

A second volume is evidently to follow. Yet both Sayers's breezily anecdotal letters and her few wracked, chaotic, passionate ones to Cournos make me question the wisdom of publishing these letters at all. For unlike the Vitas, Vanessas and Virginias, Sayers does not evoke the life around her in letters, as she did so effectively in her novels. Nor does she place the reader in a cultural centre as do the recently published letters of Mary McCarthy and Hannah Arendt. And for every glimpse of her detective fiction methodology there are dozens of perfunctory recitals of the day's happenings.

In her preface to the book, P.D. James writes: "All her life, the boisterous self-confidence and occasional exhibitionism guarded a heart that was both proud and stoical and capable of keeping its secrets." Precisely. The literary merit of the remaining letters scarcely seems to me to justify the merciless exposure of this proud and stoical woman.

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ARTS

Treasures in Trust

At last, we can see the pictures, and not before time. How many of us, going round any National Trust house, have found ourselves leaning precariously over the restraining rope and cricking our necks to get a good look at what we read in the guide is the Van Dyck the Gainsborough, the Titian in the corner of the room? We get the general feeling of the place well enough, but can we get close enough to relish any single work for itself without making a fuss, and with no so-helpful attendant anxious at our elbow? Not very often.

The great mass of the Trust's visitors, of course, wants little more than a vicarious indulgence in the privileged life, a sense of times past, a cup of tea and a bun. Yet the successive owners of the houses they come to see were so often the great patrons and collectors, to whom their collections, as collections, seemed almost the point of it all. What they brought together are among the principle glories of what the National Trust now holds.

As Alastair Laing, who has curated this its centenary celebration at the National Gallery, wryly observes in his introductory note, the Trust itself "was perhaps slow to realise that it was becoming a significant owner and curator of paintings. Indeed, it sometimes seems - as Seely said of Britain's acquisition of an Empire - as if it had done so 'in a fit of absence of mind'".

The theme is the setting of the country-house itself, and the shifts of taste and interest within the collections as they were put together, generation by generation, owner by owner, even into this century. The most modern work in the show, a glamorous Carolus-Duran of 1881, is of Mrs Ronnie Greville, shortly before her marriage. And she it was who, in 1942, in uniting all her pictures at Polesden Lacey, was the first to make a collection as such a central element of a bequest to the Trust.

The selection falls into six representative sections. The grand portraits command the large central gallery, with conversation pieces, narrative pieces and landscape paintings off to one side and the ideal landscape, old masters and cabinet pictures off to the other. There are some surprises, and a quibble or two to make - sporting painting, for example, is barely represented. But every room holds real treasures.

Mrs Ronnie, with her Sargent-like flourish, is terrific, and the G.F. Watts of Jane Senior (from Wightwick Manor), of golden hair and purple dress, kneeling on a chair to water her plants, is a fine and charming example of a now too-much neglected artist. The outstanding portrait by far

is that of Frances Cranfield by Van Dyck (Knoke), so fresh and pretty in her white silk dress, and one of the loveliest images of the cavalier court in the last years before the Civil War.

There is little point in simply rehearsing the catalogue, but a show that goes on to include a fine Rembrandt portrait of a woman (Pembury Castle), a Velasquez of young Prince Baltasar Carlos with his dogs and gun (Ickworth), and a quite magnificent Titian, of the Venetian senator, Francesco Savorgnan (Kingston Lacey) recommends itself.

Among other more recent treats and curiosities is the small copy of "Las Meninas", by Juan del Mazo, the son-in-law and sometime pupil of Velasquez (Kingston Lacey), which was, for nearly 200 years, all that was known of the great but still secret original. Next door, Terborch's elegant officer bows to his lady, so demure and virginal in white (Polesden Lacey), but is it a proposition he makes rather than an invitation to the dance? What song is it that the young man sings, that so charms Metsu's wistful girl in blue, with her glass of wine at hand, and frisking dog beneath her feet? (Upton House).

Hobbema's peasants wander down the muddy lane beside their cottage in the wood (Ascott). Asselijn's traveller asks the buxom shepherdess the way across the ford (Ascott), though her anxious frown gives us leave to doubt that the question is quite so simple. Claude's distant idyllic landscape (Petworth) belies the frustration Jacob endures at the hands of Laban and his daughters. And how extraordinary in its ordinariness, what a miracle of painterly deception in its naturalism, is Bellotto's view of the river Adige, as it flows through Verona (Powis Castle).

These 72 paintings on show are to be celebrated and enjoyed. But they are but the tip of the iceberg, and when shall we see more? And where are the paintings of this, the century of the Trust's own existence? Is the Trust to extend its collections to represent that continuing history, after the pattern of these first owners and patrons? Are the properties and the collections now set in aspic, or does life go on? The National Trust's own Foundation for Art, set up 10 years ago to encourage artists to work at, and for, the properties, suggests that indeed it does. We can only wait and see.

William Packer

In Trust for the Nation - paintings from National Trust Houses: the National Gallery, London WC2, until March 10. Sponsored by Barclays Bank.



Mrs Jane Senior by G.F. Watts, from Wightwick Manor: a fine and charming example of a too-neglected artist

The siege of the Coliseum

Dennis Marks, general director of the English National Opera, is a Falstaffian figure, naturally gregarious. At the moment he is not answering his phone.

The ENO is currently inhabiting Fortress Coliseum, huffed about by the storms caused by the sudden resignation of its music director, Sir Edward, and reports that the ENO wants to quit the Coliseum, a building bought for it by David Mellor, acting as government arts minister, for £12m less than four years ago, for a purpose-built opera house somewhere in central London.

The world of music criticism is having a field day, with reports that Marks and Edwards did not exchange words for a year before her departure, and that the ENO hopes to raise money for its new home by selling the freehold of the Coliseum to Sir Andrew Lloyd Webber.

Meanwhile the ENO goes about its business, unveiling a new production of Puccini's *Turandot*, its first ever, on Wednesday night, to generous applause. The arrival of *Turandot* on the Coliseum stage provides a template of contemporary opera management.

Part of Marks's strategy is to introduce strong productions of popular operas, which can then underpin the finances for years to come. This failed last year when *Don Giovanni* was roundly condemned, but worked wonderfully at the start of this season when Jonathan Miller's *Carmen* attracted record box office takings of over £1m.

Turandot was planned as a long-running money-spinner. Marks wanted to adapt the San Francisco production, with designs by David Hockney, but it would not fit the Coliseum stage. Hence the attraction of a move.

In the event this *Turandot* is imported from the Welsh National Opera. After the Hockney fell through, the ENO approached the Belgian director, Guy Joosten. But he was responsible for the *Don Giovanni* so the ENO thought again, and the safe WNO production was brought in. This raised questions about the musical direction of the ENO, and whether Edwards, a lively young conductor but inexperienced in the workings of an opera house, had the confidence to stamp her personality on the Coliseum.

Of the problems facing the ENO, finding a new music director is the less worrying. Although Edwards failed to make an impact, the inevitable consequence - an eclectic approach from many different directorial viewpoints - is proving a success. This season audiences have climbed to 82 per cent as against 60 per cent in 1990-94, when Marks inherited a lacklustre repertoire.

As well as the sold-out *Carmen*, both *Rusalka* and *The Fairy Queen* have exceeded their box office targets, and

bookings are good for *The Barber of Seville* and *Turandot*. The ENO made a surplus last season, which should be repeated this year, although any profits will make small inroads into an accumulated deficit of £3.1m.

Of the likely candidates as music director, the popular choice Paul Daniel, an ENO graduate now making a success of Opera North, was initially reluctant to move south but is still being chased. The alternatives are safe names like David Atherton, and Richard Hickox, while James Lockhart could be a stop-gap choice.

Boosted by higher audiences, improved finances, and an exciting new music director, Marks would be in a strong position to dismiss his critics. But his abrasive style of management could cost him dear in his long term plans to transform the Coliseum.

Initially the idea was to redevelop the existing site. A superficial facelift would cost £10m but do nothing to improve the antiquated back stage facilities. Instead the board went for a total overhaul, but was shocked to discover that a "modern" Coliseum would cost £50m, with perhaps another £15m in displacement costs. For little more than this the ENO could build the opera house of the 21st century.

Once again consultants have been called in, financed with a generous £1.4m of Arts Council lottery money, to study all the alternatives. Their report will be delivered in March but most of the 50 sites they have investigated have already been discounted. The early favourite is the north end of Kings Cross, while the plot on the South Bank, next to the Festival Hall, is still a runner.

But using its freehold of the Coliseum, now worth perhaps £15m, as self-generated funding towards the new opera house may not win the ENO many fans in the Arts Council, or the government. And there is the danger that the delays over the re-development may cost the ENO its place in the lottery queue. A change of government could also work against costly, high art, projects in the heart of London.

There is also the problem of attracting matching money from business and individuals. Most of the obvious benefactors will have already been approached by the fund raisers working on projects for the Royal Opera House, Sadler's Wells, the new Tate Gallery on Bankside, and the South Bank. Enthusiasm for creating yet another new temple of the arts may have slackened by the time the ENO is ready to launch its appeal. Currently the ENO is in an odd equilibrium, maintaining success on the stage balanced against great uncertainty about the future.

Antony Thorncroft

Theatre/Alastair Macaulay
Mixed up families

central elements of several different myths.

Its opening scenes are an Irish-American gender-reversal of the Cinderella story; there are two elder step-brothers, selfish and sniping, Simeon and Peter, and one put-upon younger brother, Eben, who grieves for his dead mother. Their old father, Ephraim, brings home a new bride, Abbie, and at once there is a sexual tension and domestic jealousy between Eben and his new stepmother that reminds us of Phaedra and Hippolytus. But then - unlike H. and P. but like the classic adulterous couple, Tristan and Isolde - Eben and Abbie break down the barriers between them and make love. The triangle we then watch - son and new "mother" in love and both wishing the old father dead - is obviously Oedipal; indeed,

the way that Abbie seduces Eben, by deliberately trying to replace his dead mother, clinches the incestuous nature of this adultery as plainly as Kundry in *Parsifal*. But O'Neill leads the characters on to another killing and to his own conclusion. The simplicity of this family stands in ironic contrast against the mythic-psychological resonances of the changing situation.

The Shared Experience production has its core in the performances of Jonathan Cullen as Eben and Gabrielle Reidy as Abbie. The characters' natural gestures are lyrical, so that unspoken thoughts are made vivid by movement. The scene in which she undresses upstairs and he undresses downstairs becomes an episode of high-tension physical ardour. The same intensity is present in their utterance. Reidy's Abbie is the more spontaneous, almost everything she does is part of a single organic conception. Cullen, although in motion and speech he is frequently riveting and always intelligent, is the more contrived. The Irish accents are overdone, and in the opening scenes, not always intelligible. Robin Thomson gives a crusty sketch, none too terrifying and none too poignant, of the old patriarch Ephraim. But Gary Lilburn, Ged McKenna, and Shaun Glanville are lively in supporting roles. Every twist in the narrative is absorbing.

Meanwhile in Southampton's Nuffield Theatre, the action of

Shakespeare's *All's Well That Ends Well* starts and ends in Rossillion, near the French Pyrenees. In between the scene shifts to Paris, and thence to Florence and its environs in brief, to the great wide world.

The story that takes, first, young Count Bertram and, next, young Helena who loves him out into the world is an essentially Arthurian story of chivalry. Bertram only learns chivalry the hard way, for all his eligibility, and despite having an excellent mother, he learns courtesy to women only after grievously insulting Helena. Helena, by contrast, is naturally chivalrous; and, when she arrives at court, she reminds us of another old myth - the youth who heals the old King of his malady. But the tale reaches its resolution at home. Only there does Bertram at last learn wisdom; and the succession of Rossillion is at last assured.

It is scarcely possible for a modern audience not to feel a thrill at the way Shakespeare reverts conventional gender roles here. It is the woman who heals the old monarch. It is she who is rewarded with the chance to choose her own husband, Count Bertram, whom she has followed to the court. It is he who, appalled to find that he may not marry where he chooses and still shy of the opposite sex, runs away from France and from her. It is Helena who pursues him and, cunningly and circuitously, breaks down all his opposition to her.

Patrick Sandford's staging of

All's Well, keeps the play fresh as narrative, and more or less fresh as thought. And Paul Farnsworth has designed the production simply, so that we can easily feel the mythic dimensions of the story even while he has updated it to the 1950s.

The production is a good introduction to the play; I do not imagine, however, that this is a staging that *All's Well* connoisseurs need catch. Farnsworth's designs look cheap - Helena's wedding ballgown could hardly be duller - and the 1950s look is too often spoilt by modern ingredients. Helena is a more becoming role for Alexandra Mathie than most other roles I have recently seen. This actress, by her diction, dignity, and seriousness all register to good effect. Nonetheless, it is wearying to keep attending to her habitual air of apologetic but wronged gentility; and all her acting has an attractive quality of repressive constraint.

Paul Barnhill is a short and callow Bertram, impressively deep of voice but, in crucial scenes, over-active of face, despite use of a cigarette in his immediately post-critical scenes. His playing of this episode does not convince. The production presents the difficult role of Parolles as an affected stuffed-shirt of a sergeant-major; Granville Sexton cannot make this believable. In the beautiful role of the old Countess, Zena Walker is eloquent and touching. Roy Bontcher and Joanna Munro do well as Lord Lafew as the Widow. Several of the smaller roles look in need of more detailed direction, but John Gilmour made a fine impression in two supporting roles. And *All's Well* - problematic, touching, stirring - is alive.

Saleroom/Nicholas Powell

France opens its doors

The 400-year-old national monopoly enjoyed by French auctioneers which prevents British firms such as Sotheby's and Christie's from holding sales in France is to disappear in 1998, the French government has announced.

The move, which puts an end to years of stalling and lobbying by France's 400 auctioneers has been welcomed with relief not only by British auctioneers but also by their leading colleagues and gallery owners in France. The latter are anxious to benefit from the stimulus that major sales like Sotheby's and Christie's would bring to an art market which has slipped behind those of New York and London after being a world leader in the immediate post-war period.

The French government decision to scrap the special national status of auctioneer, or "ministère-privé", who as a "ministerial officer" must be sworn in by the minister of justice before conducting auction sales, was taken in the wake of a warning letter from the European Commission in Brussels. Acting on a complaint from Sotheby's, the commission informed the French government last March that its continuation of the monopoly was an infringement of the Treaty of Rome and could lead to action in the European Court.

A report into the state of the art market in France, completed last summer by senior civil servant and museum administrator, Maurice Alcard, at the request of for-

mer prime minister Edouard Balladur, also concluded that the government had to open up the French art market.

Sales which could have been held in France have been organised abroad, depriving of revenues which amount to hundreds of millions of francs. The report, which should have been published in September. The government's failure to reveal its contents led to fears among art market professionals that the report might smother a lacklustre repertoire.

The auctioneering problem was finally tackled at last Wednesday's weekly meeting of the French cabinet. Over the next two years, foreign auctioneers will be able to conduct sales in collaboration with French colleagues before being granted full freedom of movement in 1998. The specifically French status "ministerial officer" will then be reserved for sales of property by court order.

In the meantime, the government will go through all the legal paperwork. A major problem will be compensating French auctioneers who, unlike their British counterparts, do not have a commercial status and must, at the start of their careers, buy into an existing practice.

On its own, however, the freedom to hold sales is not sufficient to attract firms like Christie's and Sotheby's. Thanks to their staff in France, the latter already export around 250m worth of French artworks to sell abroad every year. They are reported to have

taken an option on a building opposite the presidential Elysée Palace, used before the war for some of France's most spectacular sales, for their future auctions.

But Sotheby's, like Christie's, is unhappy about uncoordinated fiscal arrangements in France, where VAT on imported artworks is 5.5 per cent, compared to Britain's 2.5 per cent, and where work by artists living or dead for less than 50 years entails a 3 per cent tax payable by the seller - the "droit de suite", which does not exist in the UK.

"Of course we're delighted that the French market is, at long last, opening up. But much more needs to be done if we are to hold good, profit-making sales here," a senior Christie's official said.

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CHRISTMAS SHOWS

Spectacular: that is the word that trips naturally off the tongue of the panto king, Paul Elliott, as he contemplates the Christmas panto season which is about to break upon a totally unsuspecting nation.

Elliott is, of course, biased. His company will be supplying 35 pantos (plus one in Australia) to theatres throughout the country. Bookings to date are chaotic - at peak levels in Birmingham, Wimbledon and Woking; below expectations in Yorkshire.

But last year was very good, with the shows playing to 80 per cent capacity and only a whisker off the record Christmas of 1993, and Elliott has few qualms about the final outcome. His chief rivals, Barrie Stead, who services the Apollo chain with eight shows, and Kevin Wood, who looks after the Christmas needs of six theatres in the south east, agree that, after a slow start, the recent colder weather has galvanised bookings.

The public appetite for panto reveals no sign of flagging. It is one of the UK's gifts to world culture and, despite curled lips from the artistic elite, it fulfils two exemplary roles - it provides theatres with profits that underwrite more challenging plays for the rest of the year, and it attracts a family audience, giving thousands of children each year their first theatrical experience.

A good panto is unalloyed joy. A gripping plot, humour and romance; music and dance; magic and spectacle; traditional stars and the year's top newcomers - an unchanging experience, feared at everyone. A bad panto is over-long, fields TV personalities with no clue about stage work, has a tired script, and is politically correct. In recent years the principal boy has disappeared from many pantos and the jokes have been cleaned up. Panto is now aimed at children, with the entertainment of adults largely ignored. Still it is such a wonderfully myriad art-form that there is usually something to enjoy.

Enjoyment should be guaranteed at the Theatre Royal, Plymouth. Every year Paul Elliott mounts a new production of a classic panto. The sets and costumes, even the script, will then be hired out for the next decade, or more. Plymouth audiences will be the first to see his *Mother Goose*. But apart from the special serial effects most pleasure comes from the stars. Roy Hudd, who has panto running through his veins, and Jack Tapp, the oldest Dame in the business, will hit his 70s but still never happier than when throwing up his skirts.

These two appeared last year in *Babes in the Wood*, the only central London panto, at Sadler's Wells. It was not a success, the Wells being off the panto track. Elliott doubts whether the West End will ever host another panto. However the tradition flourishes off-centre. The revitalised



There'll always be a Dame: Christopher Biggins as Widow Twankey in 'Aladdin', Bromley

Oh yes, it is!

Panto time is here again - except in the West End, says Antony Thorncroft

Hackney Empire is mounting *Cinderella*, with the usual rota of TV stars, including a local favourite, Nicola Duffell. Double in *EastEnders*, and Ben Onwuikwe from *London's Burning*. Elsewhere around London, Richmond's always popular panto fields, a strong team of Lionel Blair, Leslie Ash and Gavin Campbell in *Cinderella*, while across south London at Wimbledon Danny la Rue pulls up his bloomers for the umpteenth time to give us his Dame in *Aladdin*, which also stars that consummate professional, Derek Griffiths. Meanwhile at the Beck in Hayes

Dick Whittington fields a couple of panto virgins, TV presenter Andy Crane as Dick and Mike Burns, Colin from *The Brittas Empire*, as Dame. Every year panto usually reflects the latest cults, but 1995 seems to be cult free - apart from a belated appearance by Mr Blobby in the Sheffield *Babes*. Last year's novelty, the stars of *Gladiators*, are still in panto mode, with Jet in the Cardiff *Dick Whittington* (alongside Britt Ekland) and Nightshade in *Mother Goose* in Leicester with Jeremy Beadle, but there are fewer sports star (Kris Ak-

huss in the Woking *Dick* with Lesley Joseph and Windsor Davies is an exception). The flood of Australian soap stars has also slackened, but Luke from *Home and Away* finds himself at the Tameside Hippodrome, and Donna, from the same soap, gets to grips with the Davenport at Stockport. The newly opened theatre at Grimsby welcomes not only panto with *Snow White* but also Elisa Szonert of *Neighbours*, suffering the culture shock of her first fishing port and her first panto. She has that ex-Dresser, Freddie Garrity, to hold her hand. Australian soap stars are

popular because the British television companies often restrict access to their soap actors. No one currently appearing in *Cornwall Street* is in panto this year, but among the *EastEnders* contingent is Barbara Windsor as Cinderella's fairy Godmother at Dorford and Shobu Kapoor as *Aladdin* at Eastbourne. Two stars are returning to panto after a break. Mr T, from the American TV show, *The "A" Team*, tried panto five years ago and enjoyed it so much he is back for more, as the Gentle in a film production of *Aladdin* at the Palace in Manchester, while at the Swan in Wycombe, after a gap of over 20 years, Millicent Martin is preparing for the bissex as she plays the Wicked Queen in *Snow White*.

Historians of panto will have noticed many more productions of *Snow White*, *Beauty and the Beast* and *Aladdin* on the schedules this year. The reason is Walt Disney. The Disney company has globally annexed children's entertainment. The promoters' view is anything which is a recent, or revived, Disney cartoon movie should do good box office. For if panto changes slowly, its youthful audience gets increasingly more sophisticated, more culturally aware. Apart from attaching themselves to Disney titles the producers are also experimenting with Christmas musicals, all of course, based around that inventor of the Victorian Christmas, Charles Dickens. Manchester has Harry Secombe as *Pickwick*; in Bristol Anthony Newley is *Scrooge*; while Antoin Rodgers plays the same role in Nottingham's *Christmas Carol*. The Alexandra in Birmingham fields *Great Expectations*.

The producers obviously feel that the public appetite for straight panto is becoming jaded, and that it requires a wider choice. This is not so, but audiences are better able to discriminate between the good and the mundane panto. Here are some pantos that should cut the mustard.

Sleeping Beauty at the Theatre Royal, Bath, with Hinge & Brackett and Gareth Chilcott; *Cinderella* at the Birmingham Hippodrome with Gary Wilmot, Rolf Harris and Judy Cornwell; *Robinson Crusoe* at the Theatre Royal, Newcastle, with David Essex; *Dick Whittington* at the Opera House in York, with Paul Daniels; *Jack and the Beanstalk* at the Marlowe in Canterbury, with Robert Powell making his panto debut; and *Snow White* at the Liverpool Empire, with Margi Clarke as the Wicked Queen, plus another soap star Letitia Dean, Sharon from *EastEnders*.

Going crackers

Clement Crisp finds 'Nutcrackers' everywhere

Yes, of course it is the season to be jolly, and one in which to show good will. My supplies of these festive qualities are in inverse ratio to the amount of Yuletide dress offered in the dance world. As yet another tawdry Christmas ornament is stuck on the tree, I turn very Scrooge-ish. The following suggestions are for those obliged, by inclination or the sternest duty, to take the tots to see a ballet. For older children with dance tastes, there will be more rational alternatives.

With a passing wish that Santa would bring some gleam of originality to directors of ballet companies - I suppose one might as well expect him to bring cabochon emerald door-knobs - I record that at Covent Garden the Royal Ballet is marking the holiday with performances of two double bills to suit the times. (N.B. Nothing at all for grown-ups who might fancy a trip to the ballet.)

The first programme combines *The Tales of Beatrix Potter*, a work I have resolved never to look at again, with Ashton's perennially joyous skaters in *Les Patineurs*. (December 21, 23, 25, 29, January 1, 5, 6.) On December 23, 29, 30 - some showings at noon - a combination to delight Good King Herod: *Beatrix Potter* matched with Matthew Hart's *Cinderella* in Matthew Hart's cheery new version at Sadler's Wells between December 16 and January 16. Scottish Ballet will play its *Peter Pan* at the Theatre Royal Glasgow

sometimes adorable, often insufferable *Nutcracker*. Peter Wright's charming staging is on view - a bit early? - with Birmingham Royal Ballet at its Hippodrome home from December 1 to 18, with plenty of matinees.

English National Ballet is *Nutcracker* away as usual at the Royal Festival Hall in London from December 18 until January 6. This is followed, in a blaze of originality, by performances of *Swan Lake* for a week. For dance-lovers there is the prospect of appearances in the lake by the Romanian danseur Laurentiu Guinea, of whom good things have been reported. Check casting.

In New York, Balanchine's *Nutcracker* is an annual treat at the State Theater, from November 24 until the last day of the year. For far-flung travellers I record that nuts will also be cracking in Oslo, Helsinki, Stockholm - though, in view of the climate in those cities, who wants to go to the theatre to see snowflakes? And should you find yourself in Tartary or Tierra del Fuego or near Lake Titicaca, be sure - no shadow of doubt - you will find the same old delicacy on offer.

Among other dance outbreaks, I note London City Ballet's *Cinderella* in Matthew Hart's cheery new version at Sadler's Wells between December 16 and January 16. Scottish Ballet will play its *Peter Pan* at the Theatre Royal Glasgow

between December 12 and 30, and Northern Ballet Theatre will be at the Festival Theatre in Edinburgh with *A Christmas Carol* from January 3-13.

For anyone with the chance to be in Paris - and Eurostar now makes the journey a pleasure, with no need for hellish Heathrow or ghastly Gatwick - the Opera Ballet is showing Nureyev's opulent *Bayadere* at the Bastille on December 21, 23, 25, 26, 29, 31, January 1, 4, 7, 9, and later. Wonderful dancers; acres of snazzy costuming. (Grown-ups might make this a totally self-indulgent treat, and ignore the fearful rate of exchange.) If you cannot make the trip, a video of this *Bayadere* has just come on the market. It should make a pleasing gift to a dance-addicted teenager, as also the Kirov Ballet's *Le Corsaire* with the divine Asymuratova as its star. For balletomanes, the recent Royal Ballet *Mayerling* with Mukhamedov is also fine. (Copies of videos can be obtained from *The Dancing Times* service: tel: 0171 250 3003).

Peter Wright's delightful *Coppelia* for Birmingham Royal Ballet is to be re-shown on television on Christmas Day as part of BBC 2's festivities. Splendid performances by Sandra Madgwick, Sergiu Pobereznic and John Auld. A welcome novelty should be BBC's showing of three programmes featuring Sylvie Guillem in new choreographies, just after Christmas. (Watch out for a piece made by Jonathan Burrows.)

Messiahs, carols and concerts

It is strange how few composers since Handel have spotted this lucrative opportunity. As arts centres up and down the land turn once more to *The Messiah* for their Christmas fare, one would have thought aspiring young composers would hurry to their publishers with sleighs weighed down by new musical scores on a Christmas theme.

Instead, this year brings the usual round of performances of *The Messiah* together with a sprinkling of Tchaikovsky ballet favourites and evenings of carols. Everybody but Scrooge should be able to find some musical entertainment to their taste. Indeed, Christmas concerts can be so popular that some - like the Royal Philharmonic Orchestra's evening with the Choir of King's College, Cambridge at the Royal Albert Hall - are already said to be selling heavily.

Between December 15 and 24 the Royal Albert Hall has nightly Christmas programmes. Two large choirs - the Bach Choir (December 17) and the Royal Choral Society (December 19) - have evenings there. There are Christmas carols with the stars on December 15 and the Melody Radio Christmas gala on December 22. Saturday night is *Messiah* night with two performances on December 16 and 23.

In London, the Barbican Centre's Christmas lights go on as early as December 6 with a *Messiah*, a "Teddy Bears" matinee (part Tchaikovsky, part Pink Panther and *Thunderbirds*) on December 9 and Christmas classics on December 10. A matinee concert performance that day of Britten's opera *A Midsummer Night's Dream* intervenes, obstinately turning up in mid-winter and during the afternoon.

From December 16 the Barbican Hall has Christmas concerts most nights through to the New Year. There is another *Messiah*, conducted by Richard Hickox, on December 16 and Hickox also conducts the London Symphony Orchestra in seasonal classics on December 17, 19 and 20. The English Chamber Orchestra offers classical carols on December 18 and Bach on December 21; the Royal Philharmonic follows with more the next day.

Over the holiday period there is a Boxing Day concert with the Philharmonia, which includes Rachmaninov's Second Piano Concerto. There are two strongly-cast concert performances of Strauss's *Die Fledermaus* on December 26 (matinee) and 29, and the festivities close with three Viennese evenings to mark the New Year.

The South Bank Centre takes a more varied outlook with a staged production of Humperdinck's opera *Hansel and Gretel* by Palace Opera, between December 26 and January 2.

For the more imaginative musico-lover the Purcell Room calls. An Elizabethan evening on December 10 promises an attractive programme, including carols by Byrd. Moving on a few centuries, the Farlow Quartet (December 16) is offering a Victorian entertainment in full costume. On December 19 the Lehar Schrammel Ensemble celebrates Christmas in Austrian style and on December 20 there is a programme called "The Twelve Days of Christmas".

For those who prefer quality and atmosphere the Wigmore Hall looks difficult to beat. The intimacy of the hall might have been designed for the season of goodwill and the programmes include such delights as the Wigmore's Christmas concert on December 16 with the Choristers of Westminster Cathedral, pianist Stephen Hough and reader Gabriel Woolf. The Sixteen make what will surely be a popular appearance for a rush-hour concert at 6pm on December 20 and the Guildhall String Ensemble follows the next night with Christmas classics, mostly baroque.

Richard Fairman

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James Morgan

Anything goes in the quest for infinity

There has to be a different way to use and manage raw materials without resorting to tired, old practices

Ten years ago Austria was swept by demonstrations against a planned nuclear power plant. A Vienna weekly, *Wien-Magazin*, surveyed the attitudes of the assorted ecologists and published what some thought were surprising results. The respondents wanted a clean and pure Austria, foreigners to go away and thought a woman's place was in the home.

It was with this memory of *Kinder-Erdbe-Erdbe* environmentalism that I went, with some trepidation, to Prague last weekend for a meeting on

excess resource consumption. It was organised by a think-tank intimidingly called the World Humanity Action Trust. But reassurance came in finding general support for the view that democracy and markets had a central role in resolving the problems.

Others had more than that to contribute. What may be a cliché for some was an insight for me: I had not grasped that the real global resource problems all concerned renewable items - air, water, trees and fish. The old Club of Rome scaremongering about raw materials running out is now

almost irrelevant. It is the way these materials are used that is dangerous - the diverse fires lit by oil and coal can destroy earth, air and water.

This leads to interesting conclusions. We have somewhere a vaguely determinist view of our world and its use of resources. Once we have dug the last lump of coal and pumped the last drop of oil, the great show will end. But the reality is different for we have a choice: we can decide whether renewable resources are infinitely available or not. We can create infinity.

In this context one comes to

view save-the-ship campaigns more positively. There is no point in wasting anything that might be useful. The world is like those drawers we all have at home, full of sealing wax and string which, we think, we may need sometime.

So, if we are in the paradoxical situation of having to preserve material that is renewable anyway, what should we be doing to provide incentives to those who waste them? If the Brazilians are to be held responsible for future supplies of rain it is no good threatening them with codes of conduct that tell them they

should not behave as others once did.

They need to be rewarded for not cutting down the rainforest, and how do you do that? You have to find a source of income which can be fed to... Brazil? Brazilians? That would come from some kind of global tax, but on what? Foreign exchange dealings, telecommunications? Or there could be some kind of deal: find those who might have a financial interest in preserving the rainforest and letting them pay Brazil. My own preference was for handing over the rainforest to a

multinational company and ensuring all its actions could be tested in a Californian court. That did not get far.

Then there are the fish of the sea. No one owns them so they will be wiped out unless we can stop fishermen pursuing their suicidal course. You have to get someone to own the oceans to preserve their contents. Here is another oddity: a big modern fishing vessel can be better than those gallant little boats. If you have spent \$15m (£3.74m) on a ship it takes some time to get the money back.

The search has to be for

mechanisms that work with systems that we understand already and which have proved their worth. And hope the scientists come up with something. But where do we draw the line? A geneticist could produce an environmentally improved animal, a closed loop pig, for example. One could imagine a beast with no excretory functions, a lifespan of six weeks and up to 16 legs if necessary.

Many will find this distasteful but a society that has lived with "efficient" battery hens for decades could probably get used to anything. And "any-

thing" is what we are invited to consider if we are to curb wasteful resource use.

We are faced with problems that lead some to demand a single world authority as at least part of the answer. But not everybody likes top-down solutions. I asked a nice Vietnamese lady at the end of the meeting if her local activists still had their totalitarian tinge. She said yes. "We are making a study of what we call the 'old avocados' - green outside and brown inside."

James Morgan is economics correspondent of the BBC World Service.

Private View

The crazy courage of Mr Wu

Christian Tyler meets the former camp inmate who risks his neck to expose China's gulag

Harry Wu was in Europe this week asking people not to buy Christmas lights or toys from China. "It is a time of goodwill when you buy things for children," said the man who endured 19 years in Chinese labour camps. "So I ask people to remember, it is possible you are buying blood and tears."

Wu's appeal for a boycott is the latest step in his campaign to tell the world about China's *laogai*, the "reform through labour" network of prison farms and factories in which millions of criminal convicts, unconvicted political detainees (like Wu) and ex-prisoners of both sorts continue to be held.

It is only three months since 58-year-old Wu, by the skin of his teeth, escaped another 15 years in China's prisons.

Though an American citizen, and holding a valid Chinese visa, he was arrested as he crossed into China at the Kazakh border in 1976 on a third tour of clandestine investigation into human rights abuses. He was interrogated for 60 days, sentenced and then deported in what looked like a high-level deal to get the wife of the US president to attend the recent United Nations women's conference in Beijing.

Harry Wu lost no time in capitalising on his freedom. Within weeks he was accusing the World Bank of subsidising slave labour. He alleges that a \$90m (£58m) credit for cotton and grain development in the Tarim Basin, in Xinjiang province, will support not the indigenous Uighur people but Chinese exiles held in 21 forced labour camps and 30 quasi-military farms controlled by the People's Liberation Army. The embarrassed bank promised to investigate and report by the end of this month.

I met Wu while he was in London to receive an award from the pressure group Anti-Slavery International. Why, I asked him, after all he had suffered - his arm smashed by a spade, his back broken in a mine accident, his leg punctured by force-feeding in solitary confinement, his body reduced to a starving skeleton - did he put his neck into the noose again?

He paused. "People have to be aware that there is a gulag system." But you have told them already.

"No. Not enough. How many camps do you know?"

I had just returned from the Tarim Basin myself, and told him I had driven through one of the

labour camps he had identified in his protest to the World Bank. Wu was dumbfounded. He seized the map and pointed to a nearby spot on the Tarim River where, he said, one of his brothers still lived in internal exile.

On his own release in 1979 Wu confronted some of the student zealots who had denounced him. But his first instinct when he finally got permission to leave China for the US was to "turn a new page".

Then, as he explained in broken English, he began to have nightmares. "When I sat down, looking at TV, it was like the wind through the window was chilling me. I said, 'Hey, what are you doing?'"

He began to tell his story to friends, and as the memories came flooding back so his conscience became more and more uneasy. Persuaded to start an autobiography, he first wrote a description of the *laogai* system and set up a research foundation. When his story, *Bitter Winds*, was published last year some reviewers compared it with Alexander Solzhenitsyn's *The Gulag Archipelago*.

You have said you feel guilty about people in the *laogai*. Why? "They are not recognised by the world and they are the same as me - human beings. I was just lucky to survive. I am not the cleverest. I am not the smartest. No hero can survive in Chinese labour camps. If you resist and say you are innocent you are destroyed - physically."

Wu said he felt "insulted" by constant discussion of the Soviet gulag and the Nazi concentration camps and the almost total ignorance of the *laogai*. His voice rose angrily: "I went to Dachau camp. I went to Auschwitz. They have museums there. What for? It is 50 years ago! Why do they ignore the Chinese?"

What is the answer? "We Chinese have to stand straight, walk tall, talk about it. We need to have courage."

Do you think people inside China also turn a blind eye?

Yes. Are they powerless to stop it? "Not only powerless. They have a mental problem."

Which is? "Brainwashing."

What about other ex-prisoners like you?

"Most of them try and forget. Some even say they did something wrong and apologise for it. Most of them are mentally destroyed."

There are few exceptions. One is the pro-democracy advocate Wei



Harry Wu: "People have to be aware that there is a gulag system"

Jingsheng, a 44-year-old former soldier and Peking Zoo electrician who this week was "arrested" after being held since April 1 last year.

Wei has spent nearly 15 years in jails and labour camps; now accused of trying to overthrow the

communist government, he faces a further jail term, or execution.

"Thought reform is very effective," Wu added. "It is not like the concentration camps or Stalin's gulag. Of course there was torture and slave labour there too, but the

forced labour was not so well organised. It was not merged with the country's economy, even for export, like China's."

"When I saw the gas chambers in Auschwitz I thought Hitler was damn crazy. He had physical gas

chambers; the Chinese have mental gas chambers, to destroy your brain."

At this moment a door behind him burst open. Wu jumped as if he had been shot, and for a few moments was too upset to speak. He was calmed by his Taiwanese wife Ching-lee. (She accompanied her husband on a trip in 1981, secretly filming camps and prisoners through a hole in her shoulder bag.)

How were you different from other prisoners?

"There is no simple and straight answer. I surrendered because of psychological torture. I became a running dog for the police. I was willing to give up my political views. I wrote self-criticisms, confessions, I read Maoist books. I wanted to become a new socialist person."

"I turned myself into a beast in the end. You cannot think of yourself as a human being - your dignity, your freedom, your future, your business, your wife, love, sex or children." He recalled the suicide of his friend Lu Haogin, driven literally mad by sexual frustration.

"Do not think. Never complain. It only can cause you trouble. It is better to treat yourself as a beast, because a beast does not talk about dignity, freedom or love or morality or standards."

Do you fight now because you are ashamed of what you became then?

"A mixture. Ashamed, a kind of guilt, a kind of regret. And I would not give up."

Were you always strong-minded?

"Yes," said Wu. He recalled the day in 1961 at Qinghe Farm, south of Beijing, when he demanded to escort the body of another friend, Chen Ming, to the camp graveyard. Half-dead himself with famine, he realised that prisoners' lives were worth no more than cigarette ash. A society that treated life as worthless was itself worthless, he decided, and had to be opposed.

"I would not turn myself into cigarette ash. I wanted to survive. I wanted to tell people about it. I wanted to destroy the system."

Do you want revenge on those who put you away?

"Not personally."

Revenge on the system?

"Yes. I want to destroy the machine. I do not want to destroy just cogs in the machine."

This year Wu had intended to add to his *laogai* dossier of 1,100 named camps, and to widen his campaign by investigating the treatment of

the minority Uighur people in Xinjiang, underground religious worship and forced abortions.

Wu has enjoyed the support of such militant right-wingers as Senator Jesse Helms. I asked if that was an embarrassment.

"I do not care who they are, left or right, so long as they will talk about the *laogai*," he said. "They may think they are using me, but I am using them."

He is trying to catch the conscience of western business, eager to set up low-cost ventures in China and sometimes unknowingly using forced prison labour.

I asked: does it worry you that your campaign will interrupt foreign investment, and make things worse for the Chinese themselves?

"I will be honest with you," Wu replied. "If I was in business I would want to trade with China because there is cheap labour, a large market, no unions, no strikes, no insurance problems, no civil rights movement."

"I, too, would be very nice with the government officials, help their sons and daughters go abroad and pay for their tuition."

"Business people do not want me to talk about these things. They should know that most of the profit goes to the government, not to ordinary Chinese, and it will help communism survive in China."

"It is very different from the [former] Soviet Union. Why did the Soviet Union never get most favoured-nation trading status, while China has it? This time at the border they had a computer. The secret police who escorted me had Motorola mobile phones."

"Western countries boycotted South Africa because of human rights abuses - race discrimination. Is China's human rights record better than South Africa's?"

I suggested China's economic boom would mean that communism - and the *laogai* - would wither away.

"No. The *laogai* will gain in strength because the government needs it, to increase production and to keep totalitarian control."

"Communism as a philosophy is dead. Even the members of the party do not believe it at all. But capitalism does not mean democracy, particularly in China."

Will you go again to China?

"I think, yeah. Only a matter of time. I am not guaranteeing when and how. And if I get there... like a fish in the ocean, no one will find me."

Peter Aspden

Beatlemania meets Di-fever

It must be a rum old life being a foreign correspondent based in London. I bumped into one on a bright, cold morning earlier this week, outside the Savoy hotel. He was milling in the street with about 500 of his colleagues; all of us were there to receive copies of the new Beatles album.

It was a momentous day, a popular culture three-line whip; but my friend was remarkably blasé about the occasion. Yes, of course this was big news in his country, but he was saving himself for a certain Panorama interview to be transmitted on the same night.

I had to laugh. Only the previous week I had attended an illuminating conference organised by University College, London, on how the British and Italian press reported each other. The bleak conclusion reached by most speakers was that

there was an unfortunate tendency to resort to the crudest of stereotypes when discussing each other. British journalists saw Italian life in terms of "pasta, polenta and Pavarotti"; their Italian counterparts were obsessed with pop music and the royal family.

So I imagined myself in the shoes of one of the latter group, fired with indignation and determined to go out and write 2,000-word pieces on industrial regeneration in the north of England, only to be brought down to earth at the weekend by a spiky news editor

who only had ears for the Fab Four revival and the Princess's poison.

My friend had rightly seen that Britain on Monday was in the throes of a terrible double illness: *Justitiosum desiderium scarabaeorum*, more popularly known as Beatlemania, and Diana-fever, a long-term complaint that has been debilitating the country for some time.

This was the picture presented of Britain on Tuesday morning all round the world: a country trying to wallow in past glories but being

dragged into the present by forces beyond its control.

The delicious irony is that it was a bunch of pop stars - who, let us remember, were once considered highly subversive - who were flying the flag of tradition and continuity while a member of the royal family was doing her best to blow the place apart.

What a fabulous day of paradox: the nightmarish Beatles myth, the story of bow four loveable lads turned to acid and rancour as the carefree 1960s turned into the dank 1970s, was given the most horribly

contrived happy ending: while the fairy-tale princess could only talk of how she threw up the wedding cake.

If I had been the press officer of Great Britain plc. I would have resigned forthwith. Both events spoke volumes for British culture. The Beatles revival reflects so many of its flaws: backward-looking, hype-ridden, pseudo-canonical. The tedious single, "Free As A Bird", which I shall forever associate with the flit-headed Princess and her drooping eyes, manages to be both mandarin and market-

driven. Say what you will about today's pop music, but Blur, Oasis et al can run rings round this.

Releasing this ponderous product for Christmas is like bringing Bobby Charlton back for an important international because he used to score good goals; a doomed exercise in replaying the past.

The Princess of Wales, by contrast, was looking to the future: a future in which she dispensed love to her people (wasn't that what John Lennon was trying to do?) and aches of eyelid fury to her nearest and dearest. Armed with the

vocabulary of therapy and feminism, both decidedly modern and un-British phenomena, she spoke with piercing clarity on the inability of a whole stratum of British society to respond with anything approaching a real human emotion.

The final patronising, humiliating wish that her husband finds "peace of mind" was one of those moments in British history which wakes the whole nation to the changed circumstances all around it. She had talked of pain, desperation, broken people and fractured illusions: the very things that pop music used to be about when people really did look forward to the Beatles' next album. But disillusionment, like soft drugs and jeans, is no longer the province of the young and the disempowered. It flies right to the top, free as a bird.

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■ Last week's preliminary results

Company	Section	Year	Pre-tax profit (\$1000)	Earnings per share (\$)	Dividends per share (\$)
AB Leisure	Dist	Aug	4,228 (3,589)	9.7 (8.0)	4.35 (4.08)
Abacus	Dist	Nov	6,082 (4,048)	12.5 (8.7)	4.8 (4.0)
American Dry	Int'l	Sept	198.4 (159.1)	-	-
Anglo Irish Bank	Bank	Sept	15,101 (14,389)	5.7 (5.02)	2.35 (2.35)
Comcast SS	Dist	Sept	2,000 (2,386)	15.95 (14.17)	3.75 (3)
Diplomat	Dist	Sept	27,400 (24,000)	31.7 (28.6)	14.5 (13.3)
F&C Electronics	Int'l	Sept	259.4 (227.7)	1.48 (1.35)	1.25 (1.23)
F&C Special	Int'l	Sept	74.2 (58.1)	4.24 (3.55)	4.2 (3.74)
Ferraris	Int'l	Aug	648 (1,165)	6.8	2.35 (2.23)
Fidelity Brown	Int'l	Sept	142.8 (118.3)	3.21 (2.23)	3.1 (2.8)
Grainco	Dist	Sept	261,200 (265,400)	61.3 (53.5)	11.75 (10)
Hamlet Rampart	Dist	Sept	3,910 (3,800)	11.85 (8.50)	8.4 (7.5)
Murray Estwing & Co	Int'l	Oct	83.85 (85.5)	1.21	1
OEM	Prod	Jan	487 (282.1)	7.4	-
On Demand Inc	Dist	Jan	2,680 (1,820.1)	-	-
SE Holdings	Int'l	Mar	3,330 (3,120)	12.1	1.5
Timberline	Dist	Sept	1,130 (719)	12.3 (7.7)	11.5 (10.5)
Whispering Music	Dist	Jan	282 (248.1)	0.6	-

■ Last week's interim results

Company	Sector	Fiscal year to	Pre-tax profit (\$000)	Market value at year end (\$)
Adam & Harvey	Dist	Sep	2,540 (2,838)	11 1/2 (8.54)
Adams Printing & Co	PP&P	Oct	4,100 (798)	2.06 (1.94)
Admiral Industrial	Chem	Sep	1,870 (1,870)	1.76 (1.75)
Applied Micrographics	Dist	Sep	41 (251.1)	2.2 (4)
Arasco	Med	Sep	811 (7,940.4)	1.5 (4)
Bechtel International	Eng	Sep	18,180 (2,838)	1.25 (4)
Bering Strabon	InTr	Sep	271.7 (248.5)	- (4)
Berie	ASM	Aug	180 (1,484.1)	2.2 (4)
Black Arrow	Dist	Sep	883 (1,138)	1 (1)
Bogdon	Med	Sep	78 (88)	0.51 (0.5)
Brocktonspan	N/A	Sep	4,300 (3,770)	5.2 (3)
CAL Microsystems	EE&E	Sep	725 (1,700)	- (4)
Catalonia Investments	Offs	Sep	22,800 (22,700)	5.9 (5.7)
Capital	SpvS	Sep	838 (642)	1.32 (1.2)
Chester Water	Wtr	Sep	1,200 (1,230)	2.12 (1.86)
Chloride	EE&E	Sep	3,540 (1,740)	0.133 (0.1)
Courtside	Chem	Sep	57,000 (66,700)	4.3 (4.18)
Crapper (Hornet)	PP&P	Sep	802 (1,280)	1.1 (1.1)
DBS Management	ASM	Sep	1,310 (1,200)	3.5 (4)
De La	Ed&E	Aug	407 (565)	0.9 (0.9)
De La Rue	PP&P	Sep	60,100 (72,800)	7.25 (7)
ESAP	Med	Sep	33,800 (72,200)	3.7 (2.5)
F&C German	InTr	Sept	158.4 (143.5)	- (4)
F&C Private Equity	InTr	Sept	42.8 (45.8)	- (4)
FDI	Eng	Sep	39,400 (18,700)	2.2 (2)
Fugate Trading	Test	Sep	337 (549)	0.7 (1.89)
Flex	Offs	Sep	2,910 (2,120)	1.35 (1.06)
Fleming High Income	InTr	Oct	108.21 (88.5)	1.15 (1.1)
Fulcrum	InTr	Oct	41.8 (47.1)	1.4 (1.4)
Garstone Shared	InTr	Oct	85.6 (71.7)	2.4 (2.4)
Guarant Made	Med	Oct	12,700 (16,700)	- (4)
Hale	Offs	Sep	2548 (834.1)	- (4)
Harting	Dist	Oct	27 (49)	- (4)
Hewson	Ed&E	Sep	478 (802)	0.75 (0.79)
IMP International & Concepts Group	Med	Aug	3,750 (7,840)	4 (3.8)
Incepta Corp	Med	Aug	304.1 (254)	- (0.5)
Kabacozzo	SpvS	Sep	2,010 (3,000)	1 (1)
Kerwell Systems	SpvS	Sep	2,818 (2,178)	3 (2.9)
Lander (Thomas)	Eng	Sep	748 (104)	0.3 (0.2)
Leondes Lambert	Ins	Sep	6,000 (6,000)	2.9 (2.79)
M&C Company	InTr	Oct	74.98 (70.3)	1.05 (1)
M&C Recovery	InTr	Sept	144.5 (130.00)	1 (0.9)
M&C Medical	SW&C	Sep	4,020 (2,630)	2.75 (2.5)
Marshall Browne	Brwn	Sep	5,486 (8,760)	1.7 (1.5)
Martin Coxe Euro	InTr	Oct	132.4 (117.8)	- (4)
Matheson Lloy's	InTr	Sept	87.1 (82.8 7)	0.6 (4)
Meyer International	Ed&E	Sep	30,100 (27,400)	4.2 (4.2)
Minimet & GSM	Ed&E	Jun	276.1 (82)	- (4)
Northern Foods	Ed&E	Sep	2,520 (2,710)	1.5 (4)
Northern Foods	Ed&E	Sep	53,100 (53,700)	3.5 (3.5)
Northern Foods	Ed&E	Sep	371 (338)	- (4)
North West Water	Wtr	Sep	167,000 (136,800)	9.27 (8.39)
Personal Assets	InTr	Oct	10,225 (8,647)	1.10 (1.00)
Power Outdry	Ed&E	Sep	13,680.1 (17,000)	8 (8)
PP&P Capital Partners	InTr	Sept	287.4 (242.8)	- (4)
Residual Int'l	Test	Sep	2,710 (5,410)	0.83 (0.83)
Shank & McEwen	Offs	Sep	10,800 (9,820)	1.2 (1.1)
Shires	InTr	Sept	283.1 (258.8)	8.3 (8.3)
Siam Selective	InTr	Sept	171.8 (202.5)	- (4)
Stachby	SpvS	Sep	4,220 (4,000)	1.1 (1)
South State Water	Wtr	Sep	7,710 (7,080)	2.9 (19)
Stirling Industries	Eng	Sep	3,870 (3,470)	2.8 (2.8)
Storhouse & Sydnor Engineering	EE&E	Sep	577 (774)	0.5 (0.55)
TUL	EE&E	Sep	11,400 (4,400)	1.4 (4)

(Figures in parentheses are for the corresponding period.) *Dividends are shown net per share, except where otherwise indicated. L=loss. † Net asset value per share. ‡ Includes and pence. § Excludes 3.8p special dividend. §§ 53-week figures. ¶ For period Nov 29 1994 to March 31 1995. # Net profit. © 6-month figures. ♦ 57-week figures. ★ 28-week figures.

Company	Sector	Shares	Value £000	No of directors
SALES				
Barbour Index	Media	8,594	25	1
Card Clear	SSR	798,010	415	2
Henderson Adm'n Grp	OTHF	2,010	25	1
JA International	Dist	260,000	377	2
Leamouths Euacwitt	SSR	2,300,000	7	2
Marke & Spencer	RoTG	9,154	41	1
Mitwall Holdings	L&H	750,000	23	1
Rothmans	B&M	101,817	149	1
Superscope	SSR	25,000	90	1
Vinty Group	Elec	790,000	90	1
Yorkshire	Text	7,888	26	1
BOC	Chem	125,000	1099	1
Morcan Asset Mgmt	OTHF	62,906	538	1
Tirely Int Hqs.	Media	11,513	37	1
PURCHASES				
Allied Denorex	SW&C	7,000	34	2
BAT Ind	Tbco	36,878	197	1
Bulbair	Prop	50,000	22	1
Dyna Exploration	Uncl	700,000	14	1
David Brown Grp	Eng	5,000	11	1
Filart Int S	Eng	10,000	15	1
Exploitation Co	OTHF	7,500	27	3
Hambro Countrywide	Prop	130,000	44	1
Heath CEI	Insur	50,000	86	1
Ladbrook	L&H	18,000	23	2
Mom O'Ferial	Media	10,965	50	1
Pemberston	Newsl	18,098	11	1
Prudential Corp	LIA	4,750	19	1
Voies Group	Elec	3,000	12	1
	RegG	64,500	10	1

Directors' dealings

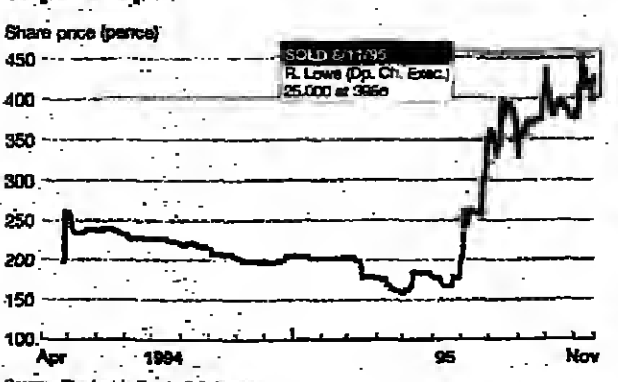
Buying in the face of the share price

The recent buying at Allied Domecq has been noteworthy for its consistency in the face of a hard-pressed share price, writes *Winton MacDonald* of *The Inside Track*. The most recent deals by chairman Michael Jackman and chief executive Anthony Hume have been: *Winton MacDonald* writes.

Superscape is a business firmly in the computer age – creating software that gives the impression of reality within amazing headware. Applications for this kind of program are being developed all the time and include design of interior spaces and games.

Superscape is making some financial re-arrangements in terms of a rights issue. This sort of move is first made since the group floated and leaves Robert Lowe, deputy chief executive, with a big holding.

Superscape



There is always a place for the golden oldies

Two statements have come to my attention recently. "A director ought to retire at 65" and "Chief executives should not serve for longer than eight years". I disagree with both of them.

Corporate governance seems to be a growth industry of the 1990s.

Politicians, civil servants, academics, regulatory bodies, industry committees and a

involved in leisure, life assurance and other businesses. The shares are now worth more than £8.

According to British and American's interim 1995 results on October 18, the net asset value per share was £12.57p. Sir John was born in 1912.

Many other people over 55 have made a significant contribution to the success of the companies of which they are directors.

ered and gone into bankruptcy and receivership. Nor, of course, do longevity or many years in a position necessarily ensure good results.

People – and their companies – should be judged on an individual basis. What could be appropriate for one company might not work in another.

Although still only 57, Stephen Rubin has been executive chairman of Penland Group since 1989. Imagine if his term

dates, just like the products on the supermarket shelves.

Some – of course – ought never to have been appointed, let alone remained in office for even three years. Others have a long period of usefulness.

Directors also have different styles of management; what could be appropriate in one company might not be right for another.

One problem is that some directors are quick to take

wide range of organisations and representatives have spent considerable time looking at this topic and making pronouncements and proposals for reform. Everyone has a view but, to me, some of them seem ludicrous.

If a business is doing well and one or more of the directors are 65, why should they be forced to retire? Some

It seems to me that some of the people who want to set retirement ages, or limit periods in office, have the best of intentions. But directors have different sell-by dates, just like products on supermarket shelves.

legal action if anyone even hints they are holding back a company's progress. So outspoken public criticism might be limited.

Even in the boardroom itself, a mediocre chairman can sometimes prevent opposition to his misguided policies by naming a good director to leave.

Then again, a director

of my best-performing investments have been in such companies.

In 1932, I bought shares in The Investment Company for 26¢. The locality was chosen for its preference shares and its chairman and managing director was George Webb. When he died in August last year, aged 89, the shares were

Lord Rayne was born in 1918 but, as chairman of property and investment company London Merchant Securities, he was assured that it was the wish of some other property companies, run by much younger people, which went into receivership during the recession.

of office had been restricted to, say, 10 years or less: the company might not have put £50,000 into the Reekes sports centre group in 1967. The profit from that investment has been a cool \$400m.

Barrie Stephens (born 1928) has been a prominent board member of Siebe since 1964,

might originally have been appointed because of family relationships, affording him a certain degree of "protection" from the board members who might not enjoy.

There have been chairman and executives who have managed to fill their boardrooms with people who will support them in everything they do,

Also, in 1992, I bought shares in Caledonia, which reaped pre-tax profits for 1991 of £17.7m. One of the non-executives, Maxwell Webb, retired earlier this year aged 70. Geoffrey Bovill, born in 1926, continues to be Treas'r's chairman. The shares cost me 133p. But I have made 65 pence since then, and I am 72 now. Why should people like this be allowed to continue to sit on the board for only a few years? It is a disgrace. I have been a shareholder for only a limited period; even if it is wrong, in such cases it is wrong to allow a director to remove the poor performers, especially given that many institutional investors do not like rocking the boat. The solution is not to set fixed retirement ages or lay down maximum periods in office, but to alter the rules to allow more vigorous criticism of bad directors.

I invested in British & American Film Holdings in London, the shares were 18p. With Sir John Woolf as chairman and managing director, the company has invested in a range of successful films & in government bonds.



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Weekend Investor

Wall Street

Dizzying Dow defies the law of gravity

Even the most bullish did not foresee the Average breaking 5,000, says Lisa Branstetter

If there is one thing that makes the crusty sages of Wall Street nervous it is too much optimism. As investors across the country sat down on Thursday to Thanksgiving dinners made cheery by advancing portfolios, the bears were emerging from nearly a year of hibernation.

There is, however, much to be cheery about. A host of forces have combined to make this year among the strongest ever for the stock market in general and the Dow Jones Industrial Average in particular. Although the Dow has moved further faster in percentage terms, it had never crossed two millennia marks in a year before this year.

The Dow started the year at 3,840 and the conventional wisdom was that it could rise maybe as high as 4,100 in the second half of the year. Even the most optimistic did not put it past 5,000. Eric Miller, chief investment officer at Donaldson Lufkin & Jenrette, began the year worried that long-term interest rates as high as 8.25 per cent could choke earnings growth and stop the stock market at about 3,975. "I started 1995 feeling we were in a trading range with an upward bias," he says. "Well, that was some upward bias."

Instead the yield on the 30-year Treasury fell to 6.25 per cent, the Dow added more than 30 per cent to 5,052 by midday yesterday and the largest companies in the US are expected to add another 20 per cent to the 40 per cent growth registered in 1994. This year's earnings growth is especially surprising given that it was achieved in an environment of soft economic growth.

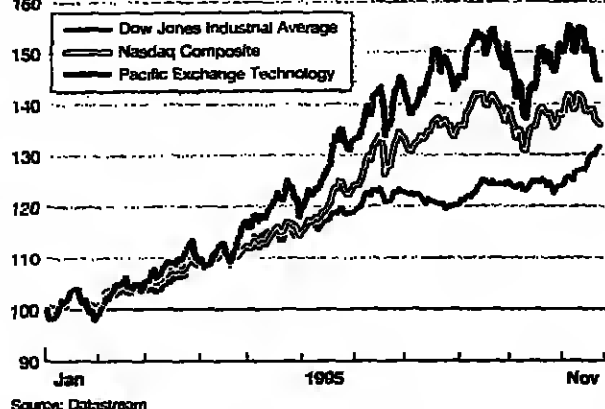
The "down-sizing of corporate America has produced some lean earnings machines," says Robert Nadeau, director of equity research at S&P.

Most recently, Minnesota Mining & Manufacturing, maker of 60,000 products including Scotch tape, Post-it notes, computer disks and X-ray film, announced it would cut 5,000 jobs and get out of the data storage and medical imaging businesses. Wall Street rewarded that lagging Dow 30 member by boosting the share price from \$39 to \$64, fuelling the drive past 5,000.

However, the technology sector, which rose the farthest and the fastest in the first half, has pulled back sharply. The Dow has added 6 per cent since mid-September, while the

Proceeding without the techs

Rebased 1/1/95=100



Source: Datastream

technology-rich Nasdaq Composite slumped amid growing concern about the high-flying silicon chip companies.

Micron Technology, which makes semiconductor components, is on the down side of a rollercoaster year. From early July to mid-September its shares jumped 72 per cent from \$55 to \$94, only to tumble to \$47 by midday yesterday.

To John Ballen, chief equity officer at Massachusetts Financial Services, the sell-off in technology companies was a healthy sign that the market could proceed even as investors rotated from one sector to another. He thinks there is room for the Dow to add another 400 points next year.

But Laszlo Birinyi, who heads his own eponymous research firm and has been one of the market's most prominent bulls through most of the year, is troubled by the carefree bullishness that dominates Wall Street. "There is too much optimism and euphoria," he grumbles. "We haven't repealed the laws of gravity."

If there are a few months of consolidation around 5,000, then the market could continue its upward path without a great disruption. But if seasonal cheer pushes it up another 200 points by early January, "we'll have a correction that will cause us to stand up and take notice".

One feature of this month's markets that has been troubling technically oriented market watchers is the shrinking number of rising shares on any given day. In the middle of this year, the number of rising shares on the New York Stock Exchange led declining issues by more than two to one. A week ago the

winners and losers were almost neck and neck.

Another worry is the slowing pace of corporate earnings growth. Analysts foresee 1996 profits growth subsiding to between 5 and 10 per cent, which may disappoint some investors.

Abby Cohen, chairman of Goldman Sachs' investment policy committee, was another bull last year (although like most she did not anticipate the size of the gains). She is not as pessimistic as Birinyi, but warns that shares are likely to be choppy for a while as profits growth decelerates.

And she sees risks coming from Washington where the President and Congress have only suspended the stalemate over next year's budget. It is assumed they will work together now to reduce the deficit early in the next millennium, so any failure to do so could alarm the markets.

Finally, the latest development in the Netscape Communications saga carries its own warnings. The maker of Internet software that floated in August for \$28 tumbled from \$118 to \$105 in two days amid speculation that its rise - along with that of other Internet-related groups - was based more on a shortage of shares than a fundamental belief that its future growth will be enough to justify trading for more than 600 times annualised earnings.

Dow Jones Ind Average
Monday 4983.08 - 6.86
Tuesday 5023.55 + 40.46
Wednesday 5041.51 + 18.06
Thursday closed
Friday closed

Lively act for Clarke to follow

The stage is set for the UK Chancellor. Philip Coggan reports on a busy pre-Budget week

Every entertainer needs a good warm-up act to get the audience going before he begins his act. After this week, the UK stock market, always a difficult crowd to please, is certainly ready for the appearance of The Amazing Kenneth Clarke, with his Budget box of tricks (Ladies and gentlemen, see him produce a tax cut from his sleeve).

All-time highs in London and New York, a £200-plus bid in the leisure sector, a Monopoly referral for two regional electricity company bids and a string of profit warnings - was sufficient to liven up what could have been a very dull pre-Budget week.

Inspired by all this activity, turnover passed 300m shares on two successive days, with customer business breaking the £2bn mark each time. Even on Thursday, when Wall Street was closed for the Thanksgiving holiday, more than 750m shares were traded.

Anyone trying to keep up

with the progress of the FT-SE 100 index would have suffered the kind of neck-ache that traditionally befalls spectators at Wimbledon. Up 19 points on Monday, Footsie fell 24 on Tuesday, rose 28 on Wednesday, tumbled 30 points on Thursday and finally rebounded another 21 points yesterday.

Monday's and Wednesday's peaks were all-time highs and the FT-SE-A All-Share index also set a record at the start of the week, indicating that the rally has a reasonably broad base.

Meanwhile, on the other side of the Atlantic, the Dow Jones Industrial Average sailed past the 5,000 level, with scarcely a backward look; it only passed 4,000 earlier this year. Wall Street was certainly one of the factors behind London's record-breaking days, but so was that old favourite, take-over activity.

The latest bid was reminiscent of the 1980s: a £200-plus offer from Granada. Best

known for its *Coronation Street* soap opera and motorway services stations, for Forte, the hotels and Happy Eater conglomerate.

Many 1995 bids have been contained within an industry, for example Glaxo/Wellcome or Lloyds/TSB. While Granada and Forte are both listed under the leisure sector, it would be a stretch to say the bid is inspired by industrial logic.

More than two-thirds of Granada's profits come from television and rentals - areas in which Forte does not operate. In one field where the two companies obviously overlap, motorway service stations, Granada will sell Forte's Wellcome Break chain for monopoly reasons.

The real thrust of Granada's case is that it is a better manager than Forte, an 1880s-style argument. Furthermore, the bid requires the underwriting of a massive £1.8bn of Granada shares (although there is also a cash element). At the height of the 1980s boom, paper-based



Will taxes be cut 'just like that' on Tuesday?

bids were common but since 1987, takeovers have tended to be for cash, not paper.

A further example of the trend came yesterday when Amec announced an all-share offer for rival construction group Alfred McAlpine; this development came after Amec itself was the subject of a dawn raid from Norwegian shipbuilder, Kvaerner. The prospect of a three-way bid battle looms: more 1980s nostalgia fodder.

What all this means for the market is harder to say. It could be a sign that the market is reaching a peak when companies start using their own stock to bid for each other, or it could be a signal that we are due for another phase of the takeover spree, which will push shares ahead.

Of course, the utilities sector has been providing takeover stories aplenty this year. One more bid was chalked up this week, with Northumbrian Water agreeing an £820m offer from Lyonnais des Eaux.

But the surprise of the week was the decision by Ian Lang, the trade and industry secretary, to refer the bids from National Power for Southern Electric and PowerGen for Midlands Electricity to the Monopolies and Mergers Commission.

Since all previous bids in the sector had been cleared by the government, the news caught the market on the hop with shares in all four of the companies involved falling sharply, which contributed to Footsie's fall on Thursday.

Tuesday's decline owed much to the latest in a series of profit warnings from leading UK companies. Shares in De La Rue, the bank note and

security printer, fell more than 20 per cent after the group's second warning in eight months.

On Monday, paper group Rexam had followed other groups in the sector, such as Arjo Wiggins Appleton and the Dutch KNP, in warning that de-stocking by customers was hitting profits.

Slowing growth in the UK and European economies appears to be affecting many companies - this week, Babcock was the latest group to reveal difficulties in its German operations.

Official figures showed that the UK economy grew by only 0.4 per cent in the third quarter and the Confederation of British Industry lowered its 1996 GDP growth forecast from 2.8 per cent to 2.5 per cent.

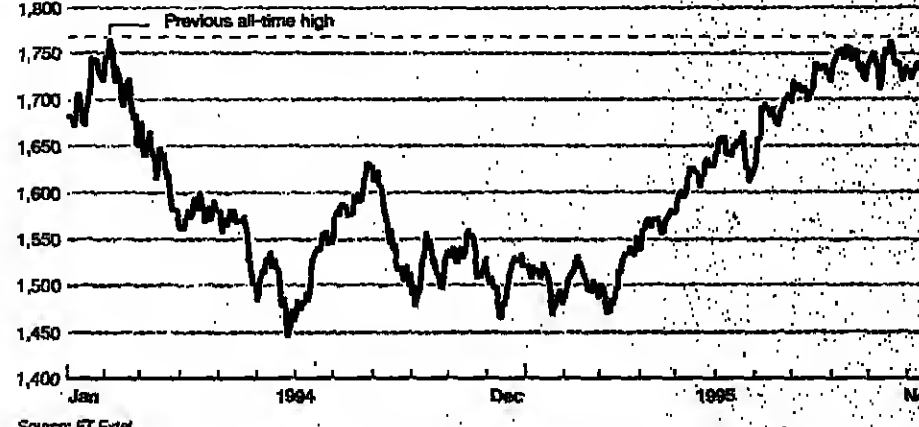
So how can UK shares be at all-time highs if economic and earnings growth is slowing? One reason is that the market is looking for a base rate cut, maybe not on the same day as the Budget but after the next meeting between the chancellor and Eddie George, the governor of the Bank of England.

The second reason is that slower growth, and a relaxation of inflation fears, is helping gilts; the yield on the benchmark 10 year issue fell to 7.63 per cent, its lowest level of the year, yesterday. Falling returns on rival assets - bonds and cash - encourage investors to move into equities.

So the stage is set, the market is ready, the traders are waiting by their screens. The time is right for the headline act of the year.

All-Share breaks into new territory

FT-SE-A All-Share Index



Source: FT Extel

Highlights of the week

	Price	Change	1995	1996	
	30-day	on week	High	Low	
FT-SE 100 Index	3624.0	+14.8	3632.4	2954.2	Bid fever
FT-SE Mid 250 Index	3642.8	-21.7	3661.3	3300.9	Disappointment in tech
AMEC	96	+24	99	54%	Dawn raid
British Aerospace	787	+54	787	418%	Orange flotation hopes
Cable & Wireless	452	+35	475	350%	Boardroom reshuffle
Forte	346	+84	356	224%	Granada bids
Granada Group	651	-29	708	476	Bids for Forte
Inchcape	245	-52	430	226%	Dividend concern
McAlpine (Allied)	159	+33	181	104	AMEC bid speculation
Meyer International	382	+24	382	289	Relief after interim
Powell Duffryn	467	-110	601	447	Shock interim
REDAX	341	-31	519	329%	Profit warning
Southern Electric	920	-51	977	548	National Power bid referred
Standard Chartered	587	+41	610	246	Bid speculation
Vodafone	217 1/2	-33	285 1/2	177 1/2	US selling

Barry Riley

Explaining the Wall Street dash

The two reasons for a bull market are always profits and money

Just in time for Thanksgiving Day, the Dow Jones Industrial Average soared through 5,000, and Wall Street certainly had the last laugh on disbelieving global investors in 1995.

The US stock market, up 31 per cent, is easily the best-performing in local currency of all the 26 national markets tracked by the FT-SE world index series so far this year.

Maybe we should have taken a little more seriously those pundits who declared at the end of 1994 that history dictated Wall Street would inevitably do well in a year ending in "5".

At any rate, foreigners have shunned US equities, being net investors to the extent of only \$2bn in the first half of the year, whereas they poured well over \$100bn into the US bond markets.

This is now a big, bull market. Where you start a calculation from is a moot point. Perhaps we should be back in 1982, with the Dow at 800, because on the long-term charts 1987 now looks like only a blip. But since late 1980, in particular, the Dow has climbed by 108 per cent without any serious correction at all.

This year the market paused in January and then took off like a rocket until July, led by technology.

But the technology sector

indices effectively peaked in September and the recent final surge through 5,000 has relied on a leadership rotation in favour of big blue chips such as Procter & Gamble and Eastman Kodak.

This leaves US equities trading on scary valuations, with a dividend yield on the S&P 500 index, for instance, of only 2.03 per cent, compared with a 15-year average of over 3.5 per cent.

The trailing price/earnings ratio is 18.4, not quite so out of line with past experience, but this is after a heady profits boom which might argue for caution about future growth prospects.

How did Wall Street get here? There are always two explanations for a bull market, which boil down to profits and money.

The profits growth has to be there; but in any serious market bubble the vigorous flow of money is always much more important.

First, the performance of US companies. There has been strong cyclical upturn in earnings per cent, at about 20 per cent both last year and this.

Macho corporate executives have been cutting costs, while a cowed workforce has found its pay under pressure.

But this scarcely justifies such a significant bull market. With due apologies to the late C. Northcote Parkinson, I would like to put forward

Riley's law of bull markets: rationalisations expand to match the market rises that need to be justified. So forget mere earnings growth, there are now altogether more ambitious explanations revolving around Global Leadership (it looks more impressive with capital letters).

When you look at the long-term charts, 1987 now seems like only a blip

Here is the story which is intended to justify stock market valuations well above historical experience. American technology and business culture are now taking over the whole world.

Japan and Europe are in trouble, and getting deeper in it, leaving American multinationals firmly in the driving seat.

The world's trade in goods and capital is more open than at any time since before the first world war. So Wall Street is now in a position to discount not just a cyclical expansion of the US economy but a massive secular surge of growth right around the

Pacific Basin, and indeed, beyond. This time it's different - honestly.

Now the money explanation. Earlier in the year liquidity began to be released by the slowdown in the US growth rate, which had peaked at 4.4 per cent year-on-year in the third quarter of 1994. The long bond yield, which started the year at 7.9 per cent, began to fall quite strongly.

Foreign inflows played a big part here. The Bank of Japan and other Far Eastern central banks became important buyers of dollar fixed income securities. Nearly all the issuance of US Treasuries has in effect been absorbed by foreigners this year. Domestic savings are notoriously low in the US, but they have been freed to flow into the stock market.

Certain long-term factors have strengthened these flows into equities. Confidence is unusually high, since there has been no substantial market setback since the 1987 crash.

The expansion of tax-sheltered long-term savings plans has encouraged and stabilised the flows into mutual funds.

At the same time, demographic trends - notably, the maturing of the "baby boom" generation - have boosted investment flows.

The final factor which has inflated the bubble further since the summer relates to a

policy change in faraway Tokyo.

The Bank of Japan last July cut its yen short-term interest rate to just 0.5 per cent and began desperately pumping out liquidity into the Japanese economy in order to rescue the banking system, devalue the yen and halt the economic slide.

Cheap yen credit backed by an implicit exchange rate guarantee has become an important source of support for the US bond markets. In fact much of the resulting liquidity appears to have been trapped in the US markets, forcing dollar bond yields well below European levels; the long Treasury bond yield has now tumbled to 6 1/2 per cent, exactly where it was towards the end of the 1993 bond bull market.

Against this background Wall Street has been propelled upwards, but other stock markets around the world have seen little benefit so far.

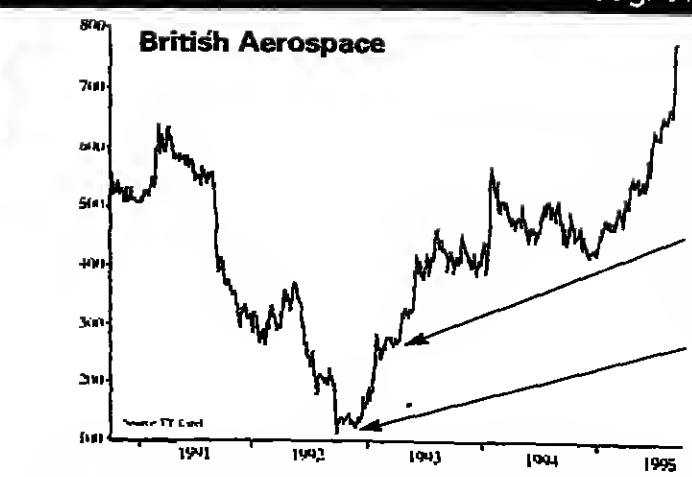
Wall Street is now highly vulnerable to a reduction in the flow of liquidity from Asia. Although this does not seem to be imminent, it is likely that the rotational plays within the US equity market will quite soon become exhausted and liquidity will begin to spill over into other national markets.

Further out, the true reckoning will arrive. Global domination will not, after all, come to the rescue.

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